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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

For the transition period from _____ **to** _____

Commission file number: 001-38967

DouYu International Holdings Limited
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Cayman Islands
(Jurisdiction of incorporation or organization)

20/F, Building A, New Development International Center,
No. 473 Guanshan Avenue,
Hongshan District, Wuhan, Hubei Province, 430073,
People's Republic of China
(Address of principal executive offices)

Shaojie Chen
Chief Executive Officer
Tel: +86 27 8787 8301
E-mail: ir@douyu.tv
20/F, Building A, New Development International Center,
No. 473 Guanshan Avenue,
Hongshan District, Wuhan, Hubei Province, 430073,
People's Republic of China
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
American depositary shares, every one American depositary share represents one ordinary share, par value US$0.0001 per share	**DOYU**	**The Nasdaq Global Select Market**
Ordinary shares, par value US$0.0001 per share*	**N/A**	**The Nasdaq Global Select Market**

* Not for trading, but only in connection with the listing of the American depositary shares on the Nasdaq Global Select Market.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

30,178,859 ordinary shares issued and outstanding, par value $0.0001 per share as of December 31, 2024.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐
Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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INTRODUCTION

Except where the context otherwise indicates and for the purpose of this annual report only:

- "active users" refers to users who visited our platform (exclusive of innovative business) through a PC or mobile app including its associated mini programs at least once in a given period. The number of active PC users is measured as the number of independent cookies generated by our website when users visited our platform through a PC in a given period. The number of active mobile users is measured by the number of users who access our platform through mobile apps in a given period. The number of active mobile users may not entirely represent the actual number of individual users who access our platform through our mobile apps as some users may access our platform using more than one mobile devices, multiple users may access our services using the same mobile device and some users may access our platform through multiple channels;
- "ADSs" refers to the American Depositary Shares, every one ADS represents one ordinary share, par value US$0.0001 per share;
- "annual paying users" refer to the total paying users (exclusive of innovative business) for a given year after removing double-counting because of multiple payments;
- "ARPPU" refers to average livestreaming revenue per paying user in a given period;
- "average mobile MAUs" for a given period of time is calculated by dividing (i) the sum of active mobile users (exclusive of innovative business) for each month of such period by (ii) the number of months in such period;
- "average next-month active mobile user retention rate" for any period is calculated by dividing (i) the sum of next-month mobile active user retention rate (exclusive of innovative business) for each month of such period by (ii) the total number of months in such period;
- "average total mobile game MAU" refers to the average total game MAUs during a given period of time calculated by dividing (i) the sum of active mobile users (exclusive of innovative business) who accessed game-themed channels on our platform in each month of such period by (ii) the number of months in such period;
- "Beijing Fengye" refers to Beijing Fengye Equity Investment Center (Limited Partnership);
- "Beijing Phoenix" refers to Beijing Phoenix Rich Investment Management Center (Limited Partnership);
- "CDN" refers to content delivery network;
- "China" or "PRC" refer to the People's Republic of China and only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this annual report, excludes Taiwan, Hong Kong and Macau;
- "Douyu Yule" refers to Wuhan Douyu Culture Network Technology Co., Ltd.;
- "Guangzhou Douyu" refers to Guangzhou Douyu Internet Technology Co., Ltd.;
- "Linzhi Lichuang" refers to Linzhi Lichuang Information Technology Co., Ltd., an entity controlled by Tencent Holdings Limited;
- "MAUs" refers to the number of active mobile users (exclusive of innovative business unless the context otherwise indicates) in a given month;
- "Nectarine" refers to Nectarine Investment Limited, a wholly-owned subsidiary of Tencent Holdings Limited;
- "next-month active mobile user retention rate" is calculated by dividing (i) the sum of active users who visited our platform (exclusive of innovative business) through a mobile app at least once in the next month after a given month by (ii) the sum of all mobile active users (exclusive of innovative business) in that given month;
- "ordinary shares" refers to our ordinary shares of par value US$0.0001 per share;
- "P2P" refers to peer-to-peer;

- "paying user" for any period in the context of our operating data refers to a registered user that has purchased virtual gifts on our platform (exclusive of innovative business) at least once during the relevant period. A paying user is not necessarily a unique user, however, as a unique user may set up multiple paying user accounts on our platform, and consequently, the number of paying users we present in this annual report may not equal to the number of unique individuals who made purchases on our platform for any given period of time;

- "quarterly average paying users" refers to the average paying users (exclusive of innovative business) for each quarter during a given period of time calculated by dividing (i) the sum of paying users for each quarter of such period by (ii) the number of quarters in such period;

- "registered streamer" refers to a user that has been registered on our platform as a streamer;

- "registered user" refers to a user that has registered and logged onto our platform (exclusive of innovative business) at least once since registration. We calculate registered users as the cumulative number of user accounts at the end of the relevant period that have logged onto our platform at least once after registration. Each individual user may have more than one registered user account, and consequently, the number of registered users we present in this annual report may not equal to the number of unique individuals who are our registered users;

- "retention rate" refers to the percentage of users (exclusive of innovative business) who make at least one repeat use after a certain duration;

- "RMB" or "Renminbi" refers to the legal currency of the People's Republic of China;

- "RSU" refers to restricted share unit;

- "Tencent" refers to Tencent Holdings Limited;

- "US$," "dollars" or "U.S. dollars" refers to the legal currency of the United States;

- "We," "Us," "Our company," "the Group," "Our," or "Douyu" refers to DouYu International Holdings Limited, a Cayman Islands exempted company and its subsidiaries, and, in the context of describing our consolidated financial information, business operations and operating data, including but not limited to, business locations, employees, intellectual properties, trademarks, product and service offerings, the variable interest entities ("VIEs") and their subsidiaries. As described elsewhere in this annual report, we do not own the VIEs, and the results of the VIEs' operations only accrue to us through contractual arrangements between the VIEs, and the VIEs' nominee shareholders, and certain of our subsidiaries. Accordingly, in appropriate contexts we will describe the VIEs' activities separately from those of our direct and indirect owned subsidiaries and our use of the terms "we," "us," and "our" may not include the VIEs in those contexts;

- "Wuhan Douyu" refers to Wuhan Douyu Internet Technology Co., Ltd.;

- "Wuhan Ouyue" refers to Wuhan Ouyue Online TV Co., Ltd.;

- "Yuxing Tianxia" refers to Wuhan Yuxing Tianxia Culture Media Co., Ltd.;

- "Yuyin Raoliang" refers to Wuhan Yuyin Raoliang Culture Media Co., Ltd.; and

- "Zhejiang Ouyue" refers to Zhejiang Ouyue Online TV Co., Ltd., which was subsequently renamed Wuhan Ouyue.

We have made rounding adjustments to some of the figures included in this annual report. Accordingly, numerical figures shown as totals or percentages may not be an arithmetic calculation of the figures that preceded them.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at RMB7.2993 to US$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2024. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all.

FORWARD-LOOKING INFORMATION

This annual report contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this annual report can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “estimate” and “potential,” among others.

Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section entitled “Item 3. Key Information—3.D. Risk Factors” in this annual report. These risks and uncertainties include factors relating to:

- evolution and competition of our industry;
- our goals and growth strategies;
- our future business development, results of operations and financial condition;
- relevant government policies and regulations relating to our business and industry;
- general economic and business condition in China;
- assumptions underlying or related to any of the foregoing;
- other factors that may affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under “Item 3. Key Information—3.D. Risk Factors.”

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Our Contractual Arrangements and Corporate Structure

We are a Cayman Islands holding company instead of an operating company in China. We conduct our operations in China through our PRC subsidiaries and consolidated variable interest entities (the "VIEs"). Currently we conduct substantially all of our business operations in the PRC through Douyu Yule, our subsidiary incorporated in the PRC, and the VIEs. Douyu Yule controls Wuhan Ouyue and Wuhan Douyu, and other subsidiaries in the PRC, through a series of contractual arrangements. We conduct a significant portion of our businesses in China through Wuhan Ouyue and Wuhan Douyu. It is the VIEs that hold our key operating licenses, provide services to our customers, and enter into contracts with our suppliers. In 2022, 2023 and 2024, the amount of revenues generated by the VIEs approximately accounted for 99%, 99% and 99%, respectively, of our total net revenues. As of December 31, 2023 and 2024, total assets of the VIEs, excluding amounts due from other companies in the Group, equaled 22% and 23% of our consolidated total assets as of the same dates, respectively. As used in this annual report, "we," "us," "our company," "the Group," "our," or "Douyu" refers to DouYu International Holdings Limited and its subsidiaries, and, in the context of describing our consolidated financial information, business operations and operating data, the consolidated VIEs. "Douyu Yule" refers to Wuhan Douyu Culture Network Technology Co., Ltd., "Wuhan Ouyue" refers to Wuhan Ouyue Online TV Co., Ltd., and "Wuhan Douyu" refers to Wuhan Douyu Internet Technology Co., Ltd. We refer to Wuhan Yuxing Tianxia Culture Media Co., Ltd., Wuhan Yuyin Raoliang Culture Media Co., Ltd., and Wuhan Yule as the PRC subsidiaries in the context of describing of their activities. We refer to Wuhan Ouyue and Wuhan Douyu as the VIEs in the context of describing their activities and contractual arrangements with us. The VIEs primarily conduct operations in China, and the VIEs are consolidated for accounting purposes but are not entities in which we own equity, and our Company does not conduct operations by itself. Investors in our ADSs are purchasing equity securities of a Cayman Islands holding company rather than equity securities issued by our subsidiaries and the VIEs. Investors who are non-PRC residents may never directly hold equity interests in the VIEs under current PRC laws and regulations.

We and our direct and indirect subsidiaries do not, and it is virtually impossible us to, have any equity interests in the VIEs in practice because current PRC laws and regulations restrict foreign investment in companies that engage in value-added telecommunication services. As a result, we depend on certain contractual arrangements with the VIEs to operate a significant portion of our business. These contractual arrangements entered into with the VIEs allow us to (i) be considered as the primary beneficiary of the VIEs, (ii) receive substantially all of the economic benefits of the VIEs, and (iii) have an exclusive option to purchase all or part of the equity interests in the VIEs when and to the extent permitted by PRC law. These contractual arrangements include the operating agreement, equity pledge agreement, exclusive purchase option agreement, shareholder voting right trust agreement, loan agreement and cooperation agreement, as the case may be. As a result of these contractual arrangements, we are considered the primary beneficiary of, the VIEs and consolidate their operating results in our financial statements under U.S. GAAP, to the extent the conditions for consolidation of the VIE under U.S. GAAP are satisfied. Nonetheless, the VIEs are owned by certain nominee shareholders, and not by us. All of these nominee shareholders are also beneficial owners of the Company. For more details of these contractual arrangements, see "Item 4. Information on the Company—4.C. Organizational Structure—Contractual Arrangements with the VIEs and the VIEs' Respective Shareholders."

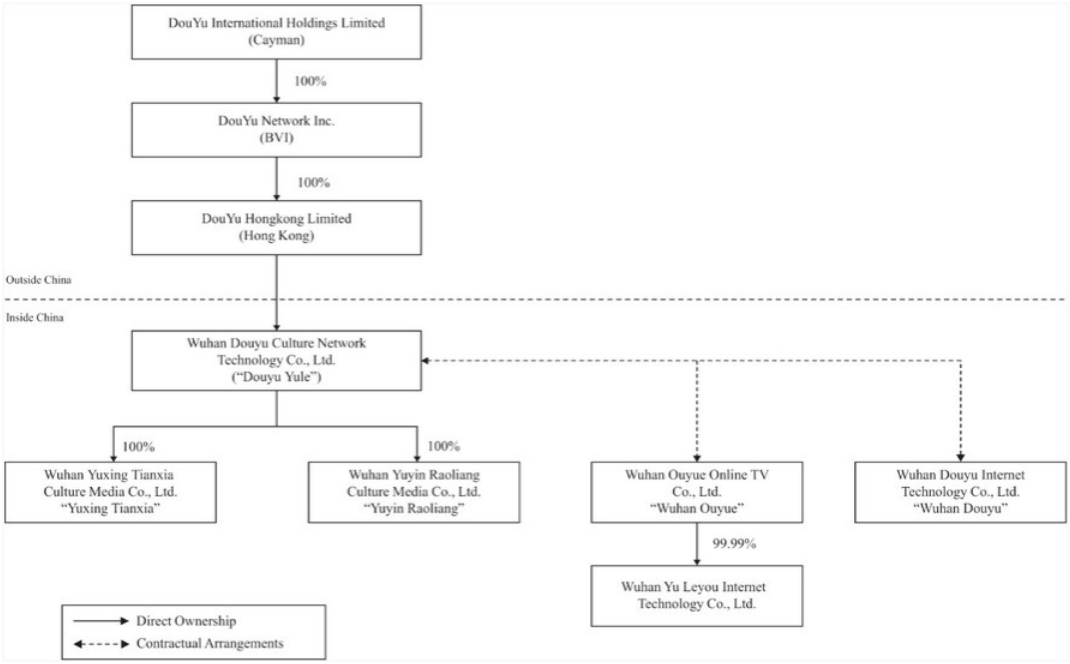
However, the contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs and we may incur substantial costs to enforce the terms of the arrangements. If the VIEs or the nominee shareholders fail to perform their respective obligations under the contractual arrangements, we could be limited in our ability to enforce the contractual arrangements in the PRC. We and our investors face significant uncertainty about potential future actions by the PRC government that could affect the legality and enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect our ability to continue to consolidate the financial results of these entities in our financial statements. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the VIEs and their shareholders for our operations in China, which may not be as effective in providing operational control as direct ownership."

Our corporate structure involves unique risks to investors in the ADSs. Our contractual arrangements with the VIEs have not been tested in PRC court. If the PRC government deems that our contractual arrangements with the VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to material penalties or be forced to relinquish our interests in those operations or otherwise significantly change our corporate structure. We and our investors face significant uncertainty about potential future actions by the PRC government that could affect the legality and enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect our ability to consolidate the financial results of the VIEs and the financial performance of our company as a whole. The PRC regulatory authorities could further disallow the VIE structure, which would likely result in a material change in our operations and the value of our securities or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. For a detailed discussion of the risk and uncertainties associated with the VIE structure, see "Item 3. Key Information—3.D. Risk Factor—Risks Related to Our Corporate Structure—There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that establish the VIE structure for our operations in China, including potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with the VIEs and, consequently, significantly affect the financial condition and results of operations performance of Douyu. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIEs" and other risk factors discussed under "Item 3. Key Information—3.D. Risk Factor—Risks Related to Our Corporate Structure".

We face significant regulatory, liquidity and enforcement risks and uncertainties as a company based in and primarily operating in China. including risks and uncertainties regarding that the rules and regulations in China may evolve quickly with any public consultation and advanced notice period being relatively short in terms of the time that we may need to fully adapt to such changes, all of which could result in a material change in our operations and value of our ADSs. The PRC government may also influence our operations by adopting new laws and regulations as the government deems appropriate to further regulatory, political and societal goals, or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers, which could result in a material change in our operations and the value of our ADSs. We also face risks associated with recent statements and regulatory actions by the PRC government, including those related to the use of variable interest entities, anti-monopoly regulatory actions, as well as cybersecurity and data privacy.

Corporate Structure

The following diagram illustrates our corporate structure as of the date of this annual report, including our significant subsidiaries and VIEs.



Notes:

(1) The sole shareholder of Wuhan Ouyue is Mr. Shaojie Chen, our founder, CEO and director.

(2) The shareholders of Wuhan Douyu and their relationship with our company are as follows: (i) Mr. Chen (50.23%), our founder, CEO and director; (ii) Linzhi Lichuang (18.98%), an affiliate of Nectarine, one of our shareholders; (iii) Beijing Fengye (13.16%), with 99.99% of its interests owned by Wuhan Ouyue; (iv) Beijing Phoenix (8.08%), an affiliate of Phoenix Fuju Limited, one of our shareholders; (v) Mr. Wenming Zhang (3.92%), our co-founder, and (vi) Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership) (5.63%), with 99.99% of its interests owned by Wuhan Ouyue.

Contractual Arrangements with the VIEs and the VIEs' Respective Shareholders

Currently, our business in China are operated primarily through Wuhan Douyu and Wuhan Ouyue, the VIEs, due to PRC legal restrictions on foreign ownership in value-added telecommunication services and other Internet related business. The Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2024 Version) provides that foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider other than certain exceptions. In addition, foreign investors are prohibited from investing in companies engaged in certain online and culture related businesses. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Telecommunications Services," "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Online Transmission of Audio-Visual Programs," and "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Online Game Operation." We are a company incorporated in the Cayman Islands. Douyu Yule, our PRC subsidiary, is considered as a foreign-invested enterprise. To comply with the foregoing PRC laws and regulations, we primarily conduct our business in China through the VIEs and their subsidiaries in the PRC, based on a series of contractual arrangements. As a result of these contractual arrangements, we consolidate the operating results of the VIEs in our consolidated financial statements under U.S. GAAP. These contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs. If the VIEs or their respective shareholders fail to perform their respective obligations under the contractual arrangements, we could be limited in our ability to enforce the contractual arrangements entered into with the VIEs in the PRC and may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure will be effective under PRC law. For details, please refer to "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure."

In the opinion of Han Kun Law Offices, our PRC counsel:

- the ownership structures of the VIEs and Douyu Yule as of the date of this annual report do not and will not contravene any PRC laws or regulations currently in effect; and

- each of the agreements under the contractual arrangements among Douyu Yule, the VIEs and their respective shareholders governed by PRC laws is valid and binding upon each party to such agreements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect.

However, our PRC counsel advised that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. In particular, in March 2019, the National People's Congress of the PRC adopted the PRC Foreign Investment Law, which became effective on January 1, 2020. Among other things, the PRC Foreign Investment Law defines "foreign investment" as investment activity in China by foreign investors in a direct or indirect manner, including those circumstances explicitly listed thereunder as establishing new projects or foreign invested enterprises or acquiring shares of enterprises in China, and other approaches of investment as stipulated by laws, administrative regulations or otherwise regulated by the State Council. The PRC Foreign Investment Law leaves uncertainty as to whether foreign investors' controlling PRC onshore variable interest entities via contractual arrangements will be recognized as "foreign investment" and thus be subject to the restrictions/prohibitions on foreign investments. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC counsel. If the PRC government finds that the agreements that establish the structure for operating our livestreaming business and other Internet related business do not comply with PRC government restrictions on foreign investment in certain industries, such as value-added telecommunications services business, we could be subject to severe penalties, including being prohibited from continuing operations. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure." The following is a summary of the contractual arrangements by and among Douyu Yule, Wuhan Douyu and the shareholders of Wuhan Douyu, and Wuhan Ouyue and Mr. Shaojie Chen, the sole shareholder of Wuhan Ouyue.

Wuhan Douyu

Share Pledge Agreement

Pursuant to a series of share pledge agreements entered into in May 2018 by and among Douyu Yule, Wuhan Douyu and the shareholders of Wuhan Douyu, the shareholders of Wuhan Douyu pledged all of their equity interests in Wuhan Douyu to Douyu Yule, to guarantee Wuhan Douyu's performance of its obligations under the exclusive business cooperation agreement. If Wuhan Douyu breaches its contractual obligations under the exclusive business cooperation agreement, Douyu Yule will be entitled to certain rights, including but not limited to the rights to auction or sell the pledged equity interests. The pledges under the share pledge agreements have been registered with the relevant PRC legal authority pursuant to PRC laws and regulations. In January 2019, the existing share pledge agreement to which Mr. Chen is a party was replaced with an amended and restated share pledge agreement on substantially similar terms due to equity transfers. In April 2020 and July 2020, Douyu Yule, Wuhan Douyu and Mr. Chen entered into two additional share pledge agreements on substantially similar terms due to equity transfers. In October 2021, Douyu Yule, Wuhan Douyu and Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership) entered into a share pledge agreement on substantially similar terms due to transfers of equity interest in Wuhan Douyu.

Exclusive Option Agreement

Pursuant to a series of exclusive option agreements entered into in May 2018 by and among Douyu Yule, Wuhan Douyu and the shareholders of Wuhan Douyu, the shareholders of Wuhan Douyu irrevocably granted Douyu Yule or its designated person an exclusive option to purchase at its discretion all or part of the equity interests in Wuhan Douyu held by the shareholders of Wuhan Douyu at the price of RMB1.0 or at the lowest price permitted by PRC law, whichever is lower. In addition, Wuhan Douyu irrevocably granted Douyu Yule or its designated person an exclusive option to purchase at its discretion, all or part of the assets held or entitled to be used by Wuhan Douyu, to the extent permitted under PRC law and at the lowest price permitted by PRC law. In January 2019, the existing exclusive option agreement to which Mr. Chen is a party was replaced with an amended and restated exclusive option agreement on substantially similar terms due to equity transfers, and the amended and restated exclusive option agreement was further replaced with two exclusive option agreements on substantially similar terms in April 2020 and July 2020 due to equity transfers. In October 2021, Douyu Yule, Wuhan Douyu and Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership) entered into an exclusive option agreement on substantially similar terms due to transfers of equity interest in Wuhan Douyu.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement entered into in May 2018 by and between Douyu Yule and Wuhan Douyu, Wuhan Douyu agreed to engage Douyu Yule as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to adjustment at Douyu Yule's sole discretion, are equal to all of the net profit of Wuhan Douyu. Therefore, Douyu Yule enjoys all the economic benefits derived from the businesses of Wuhan Douyu.

Power of Attorney

Pursuant to a series of powers of attorney issued by each shareholder of Wuhan Douyu in May 2018, the shareholders of Wuhan Douyu irrevocably appointed Douyu Yule or a director authorized by Douyu Yule as their attorney-in-fact to act on their behalf on all matters of Wuhan Douyu and to exercise all of their rights as registered shareholders of Wuhan Douyu. In January 2019, the existing power of attorney issued by Mr. Chen was replaced with a new power of attorney on substantially similar terms due to equity transfers, and such new power of attorney was further replaced with two powers of attorney on substantially similar terms in April 2020 and July 2020 due to equity transfers. In October 2021, Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership) signed a power of attorney on substantially similar terms due to transfers of equity interest in Wuhan Douyu.

Spousal Consent Letters

Pursuant to a series of spousal consent letters executed by the spouses of the individual shareholders of Wuhan Douyu, Mr. Chen, and Mr. Wenming Zhang in May 2018, the signing spouses confirmed and agreed that the equity interests of Wuhan Douyu are the own property of their spouses and shall not constitute the community property of the couples. The spouses also irrevocably waived any potential right or interest that may be granted by operation of applicable law in connection with the equity interests of Wuhan Douyu held by their spouses. In January 2019, the existing spousal consent letter executed by Mr. Chen's spouse was replaced with a new spousal consent letter on substantially similar terms due to equity transfers. In April 2020 and July 2020, the spouse of Mr. Chen issued two additional spousal consent letters on substantially similar terms due to equity transfers.

Wuhan Ouyue

Share Pledge Agreement

Pursuant to the share pledge agreement dated May 29, 2018 by and among Douyu Yule, Wuhan Ouyue and Mr. Chen, the sole shareholder of Wuhan Ouyue, Mr. Chen pledged all of his equity interests in Wuhan Ouyue to Douyu Yule, to guarantee Wuhan Ouyue's performance of its obligations under the exclusive business cooperation agreement. If Wuhan Ouyue breaches its contractual obligations under the exclusive business cooperation agreement, Douyu Yule will be entitled to certain rights, including but not limited to the rights to auction or sell the pledged equity interests. The pledge under the share pledge agreement has been registered with the relevant PRC legal authority pursuant to PRC laws and regulations.

Exclusive Option Agreement

Pursuant to the exclusive option agreement dated May 29, 2018 by and among Douyu Yule, Wuhan Ouyue and Mr. Chen, the sole shareholder of Wuhan Ouyue, Mr. Chen irrevocably granted Douyu Yule or its designated person an exclusive option to purchase at its discretion, all or part of the equity interests in Wuhan Ouyue held by Mr. Chen at the price of RMB1.0 or at the lowest price permitted by PRC law, whichever is lower. In addition, Wuhan Ouyue irrevocably granted Douyu Yule or its designated person an exclusive option to purchase at its discretion all or part of the assets held or entitled to be used by Wuhan Ouyue, to the extent permitted under PRC law. Subject to relevant PRC laws and regulations, Wuhan Ouyue and Mr. Chen shall return any amount of purchase price they have received to Douyu Yule.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business operation agreement dated May 29, 2018 by and between Douyu Yule and Wuhan Ouyue, Wuhan Ouyue agreed to engage Douyu Yule as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to Douyu Yule's adjustment, are equal to all of the net profit of Wuhan Ouyue. Douyu Yule may adjust the service fees at its sole discretion. Douyu Yule enjoys all the economic benefits derived from the businesses of Wuhan Ouyue.

Power of Attorney

Pursuant to the power of attorney dated May 29, 2018 issued by Mr. Chen, the sole shareholder of Wuhan Ouyue, Mr. Chen irrevocably appointed Douyu Yule or a director authorized by Douyu Yule as his attorney-in-fact to act on his behalf on all matters of Wuhan Ouyue and to exercise all of his rights as a registered shareholder of Wuhan Ouyue.

Spousal Consent Letter

Pursuant to the spousal consent letter dated May 29, 2018 executed by the spouse of Mr. Chen, the sole shareholder of Wuhan Ouyue, the signing spouse confirmed and agreed that the equity interests of Wuhan Ouyue are the own property of Mr. Chen and shall not constitute the community property of the couple. The signing spouse also irrevocably waived any potential right or interest that may be granted by operation of applicable law in connection with the equity interests of Wuhan Ouyue held by Mr. Chen.

Recent Regulatory Development

Cybersecurity

On June 10, 2021, the Standing Committee of the National People's Congress of China promulgated the Data Security Law, which took effect on September 1, 2021. The Data Security Law introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. The Data Security Law also requires data processing operators to establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

On December 28, 2021, the Cyberspace Administration of China, or the CAC, the National Development and Reform Commission, or the NDRC, the Ministry of Industry and Information Technology, or the MIIT and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures, which became effective on February 15, 2022. Pursuant to Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators engaging in data processing activities are subject to cybersecurity review under the Cybersecurity Review Measures if their activities affect or may affect national security. The relevant competent governmental authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. In addition, network platform operators who possess personal information of more than one million users, and intend to be listed on a foreign stock exchange, must be subject to the cybersecurity review.

On September 24, 2024, the CAC published the Measures on Network Data Security Management, or the Measures for Network Data Security, which provide that network data processors conduct network data processing activities that affects or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. In addition, network data processors processing personal information of over 10 million individuals shall fulfill certain requirements for processing important data and require network data processors to take certain precautionary measures, such as identifying important data and conducting annual risk assessment. Furthermore, the Measures for Network Data Security allow network data processors to provide personal information overseas only if it is strictly necessary for fulfilling statutory obligations. The Measures for Network Data Security also establish certain obligations of online platform service providers, including offering users an option to turn off personalized recommendations. However, the Measures for Network Data Security remain unclear on how it will be interpreted and implemented by the relevant PRC governmental authorities.

On July 7, 2022, the CAC issued the Measures for Security Assessment of Cross-border Data Transfer, which became effective on September 1, 2022. These measures require the data processor providing data overseas to apply for the security assessment of cross-border transfer of data with the local provincial-level counterparts of the national cybersecurity authority under any of the following circumstances: (i) where the data processor intends to provide important data overseas; (ii) where a critical information infrastructure operator and a data processor who has processed personal information of more than 1,000,000 individuals intends to provide personal information overseas; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively since January 1 of the preceding year, intends to provide personal information overseas; or (iv) other circumstances where the security assessment of data cross-border transfer is required by the CAC. In addition, the data processor shall conduct a self-assessment on the risk of data cross-border transfer prior to applying for the foregoing security assessment. The data processors that in violation of such measures are required to rectify such non-compliance incidents within six months of the effectiveness date thereof. Given that the above measures are relatively new, their interpretation, application and enforcement and how they will affect our business operation are subject to substantial uncertainties.

As of the date of this annual report, we have not been involved in any investigations or become subject to a cybersecurity review initiated by the CAC based on the Cybersecurity Review Measures, and we have not received any inquiry, notice, warning or sanctions in such respect or any regulatory objections to our listing status from the CAC. We have not been subjected to any penalties or sanctions imposed by relevant regulatory authorities based on the preceding cybersecurity laws and regulations.

CSRC Filings Required for Securities Offerings

In recent years, the PRC government has indicated an intent to exert more oversight over overseas securities offerings and published a series of laws and regulations to regulate such transactions. On February 17, 2023, the China Securities Regulatory Commission, or the CSRC, promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, and five supporting guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. If a company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. The Overseas Listing Trial Measures also provide that a company in mainland China must file with the CSRC within three business days for its follow-on offering of securities after it is listed in an overseas market. On February 17, 2023, the CSRC also issued the Notice on Administration of the Filing of Overseas Offering and Listing by Domestic Companies and held a press conference for the release of the Overseas Listing Trial Measures, which, among others, clarified that the companies in mainland China that have been listed overseas before March 31, 2023 are not required to file with the CSRC immediately, but these companies should complete filing with the CSRC for their refinancing activities in accordance with the Overseas Listing Trial Measures. Based on the foregoing, as an issuer that has been listed overseas before the effective date of the Overseas Listing Trial Measures, we are not required to complete filing with the CSRC for our prior offshore offerings at this stage, but we may be subject to the filing requirements for our future capital raising activities under the Overseas Listing Trial Measures.

As of the date of this annual report, we have not received any inquiry, notice, warning, sanctions or regulatory objection from the CSRC in connection with requirements of obtaining prior approval for the listing of our ADSs. However, since the Overseas Listing Trial Measures was newly promulgated, the interpretation, application and enforcement of the Overseas Listing Trial Measures remain unclear, in particular, for the companies conducting their operations in mainland China through variable interest entities. At the press conference held for the Overseas Listing Trial Measures on the same day, officials from the CSRC clarified that, as for companies seeking overseas listing with VIEs and applying to file with the CSRC, the CSRC will solicit opinions from relevant PRC regulatory authorities and complete the filing of the overseas listing of such companies if such companies duly meet the compliance requirements. We cannot assure you that we will be able to complete such filing in a timely manner and fully comply with such rules to maintain the listing status of our ADSs and/or other securities, or to conduct any securities offerings in the future.

We may be required to and there is no guarantee that we will be able to, if required, complete any filing or obtain any specific regulatory approval from the CSRC, the CAC or any other PRC governmental authorities for our future overseas securities offerings. We may not be able to fulfill the filing obligations or obtain required regulatory approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could subject us to penalties, significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. For more detailed information, see "Item 3. Key Information—3.D. Risk Factors— Risks Related to Doing Business in China—The PRC government may exert more control over our future overseas offerings or foreign investments in us, which could result in a material change in our operation and the value of our ADSs. In particular, the approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required under PRC law in connection with our issuance of securities overseas."

Permission Required from the PRC Authorities for Our Operations

We conduct our business primarily through our subsidiaries and the VIEs in China. Our operations in China are governed by PRC laws and regulations. Excepts as disclosed in "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—If we fail to obtain or maintain the required licenses and approvals or if we fail to comply with laws and regulations applicable to our industry, our business, financial condition and results of operations may be materially and adversely affected", we believe our PRC subsidiaries and the VIEs have obtained all material licenses and approvals required for our operations in China. We may be subject to additional licensing requirements for our business operation in China due to the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities. For risks relating to licenses and approvals required for our operations in China, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—If we fail to obtain or maintain the required licenses and approvals or if we fail to comply with laws and regulations applicable to our industry, our business, financial condition and results of operations may be materially and adversely affected."

As of the date of this annual report, we, our PRC subsidiaries and the VIEs are not required to obtain approval or permission from the CSRC or the CAC for the securities we offered historically under any currently effective PRC laws, regulations, and regulatory rules. However, in connection with any future overseas capital markets activities, we may need to file with the CSRC, undergo a cybersecurity review conducted by the CAC, or meet other regulatory requirements that may be adopted in the future by PRC regulatory authorities. We cannot assure you that we would be able to comply with them in a timely manner, or at all. Any failure to obtain or delay in obtaining such approval or completing such procedures could subject us to restrictions and penalties imposed by the CSRC, the CAC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, delays of or restrictions on the repatriation of the proceeds from our offshore offerings into China, or other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our ADSs.

Transfer of Funds and Other Assets

DouYu International Holdings Limited, our Cayman Islands holding company, transfers cash to our wholly-owned Hong Kong subsidiary (through intermediate holding companies in the British Virgin Islands), by making capital contributions or providing loans, and our Hong Kong subsidiary transfers cash to our PRC subsidiaries by making capital contributions or providing loans to them.

Because DouYu International Holdings Limited and its subsidiaries control the VIEs through contractual arrangements, they are not able to make direct capital contribution to the VIEs and their subsidiaries. However, under relevant PRC laws and regulations, we are permitted to remit funds to the VIEs through loans rather than capital contributions. In 2022, 2023 and 2024, we did not make any loans to the VIEs. The VIEs fund their operations primarily using cash generated from operating and investing activities. For more information, see "Item 3. Key Information—Condensed Consolidating Schedule," and our consolidated financial statements included elsewhere in this annual report.

As of December 31, 2024, DouYu International Holdings Limited had made cumulative capital contributions of US$250.0 million to our PRC subsidiaries through our intermediate holding company, and those contributions were accounted as long-term investments of DouYu International Holdings Limited. These funds have been used by our PRC subsidiaries for their operations. As of December 31, 2023 and 2024, the loan balance owed under the VIE agreements was US$36.8 million and US$41.6 million, respectively. In 2022, 2023 and 2024, the VIEs transferred RMB407.7 million, RMB410.8 million and RMB198.3 million (US$27.2 million), respectively, to our PRC subsidiaries as payment or prepayment of service fees.

The VIEs may transfer cash to Douyu Yule by paying service fees according to the respective exclusive business cooperation agreements. Pursuant to these agreements between each of the VIEs and Douyu Yule, each of the VIEs agrees to pay Douyu Yule for services related to business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance at an amount equal to all of the net profit of each of the VIEs, subject to adjustment at Douyu Yule's sole discretion. For details of the contractual arrangements with the VIE, see "Item 4. Information on the Company—4.C. Organizational Structure—Contractual Arrangements with The VIEs and The VIEs' Respective Shareholders."

As of December 31, 2023 and 2024, the outstanding balance of service fees owed by the VIEs to our PRC subsidiaries were RMB3,311.3 million and RMB1,691.2 million (US$231.7 million), respectively. There were no other assets transferred between VIEs and non-VIEs in 2022, 2023 and 2024.

Condensed Consolidating Schedule

The following tables set forth the summary condensed consolidated balance sheets data as of December 31, 2023 and 2024 of (i) our Company and our subsidiaries and (ii) the VIEs and VIEs' subsidiaries, and the summary of the condensed consolidated statements of operations and cash flows for the years ended December 31, 2022, 2023 and 2024. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States. The historical results of us and the VIEs and VIEs' subsidiaries are not necessarily indicative of results expected for future periods. You should read this information together with our consolidated financial statements and the related notes and "Item 5. Operating and Financial Review and Prospects" included elsewhere in this annual report.

	For the Year Ended December 31, 2022					
	Our Company	Our subsidiaries	WOFE	VIEs and VIEs' subsidiaries	Eliminating adjustments between (i)our Company and our subsidiaries and WOFE and (ii)the VIEs and VIEs' subsidiaries	Consolidated
				(RMB in thousands)		
Third-party revenues	—	85,246	913	7,022,079	—	7,108,238
Inter-company services revenues[1]	—	—	448,789	—	(448,789)	—
Net revenues	**—**	**85,246**	**449,702**	**7,022,079**	**(448,789)**	**7,108,238**
Third-party operating income (expense)	3,833	(217,792)	(444,578)	(6,648,581)	—	(7,307,118)
Inter-company services cost and expenses[1]	—	—	—	(448,789)	448,789	—
Loss from equity in subsidiaries	(170,956)	(62,402)	—	—	233,358	—
Share of loss from VIEs	—	—	(9,847)	—	9,847	—
Total operating cost and expenses	**(167,123)**	**(280,194)**	**(454,425)**	**(7,097,370)**	**691,994**	**(7,307,118)**
Income (Loss) from operations	**(167,123)**	**(194,948)**	**(4,723)**	**(75,291)**	**243,205**	**(198,880)**
Other expenses, net	—	(53,840)	(63,998)	37,535	—	(80,303)
Interest income	91,701	14,855	9,904	28,393	(14,993)	129,860
Income tax expenses	—	—	(3,487)	—	—	(3,487)
Share of income (loss) in equity method investments	—	62,977	(98)	(484)	—	62,395
Net loss	**(75,422)**	**(170,956)**	**(62,402)**	**(9,847)**	**228,212**	**(90,415)**

	For the Year Ended December 31, 2023					
	Our Company	Our subsidiaries	WOFE	VIEs and VIEs' subsidiaries	Eliminating adjustments between (i)our Company and our subsidiaries and WOFE and (ii)the VIEs and VIEs' subsidiaries	Consolidated
				(RMB in thousands)		
Third-party revenues	—	94,915	448	5,435,042	—	5,530,405
Inter-company services revenues[1]	—	—	354,632	24,589	(379,221)	—
Net revenues	**—**	**94,915**	**355,080**	**5,459,631**	**(379,221)**	**5,530,405**
Third-party operating income (expense)	(23,089)	(174,017)	(343,027)	(5,154,309)	—	(5,694,442)
Inter-company services cost and expenses[1]	—	—	(24,589)	(354,632)	379,221	—
Loss from equity in subsidiaries	(190,965)	(92,139)	—	—	283,104	—
Share of loss from VIEs	—	—	(49,971)	—	49,971	—
Total operating cost and expenses	**(214,054)**	**(266,156)**	**(417,587)**	**(5,508,941)**	**712,296**	**(5,694,442)**
Income (Loss) from operations	**(214,054)**	**(171,241)**	**(62,507)**	**(49,310)**	**333,075**	**(164,037)**
Other expenses, net	—	—	(56,575)	3,701	—	(52,874)
Interest income	249,449	(21)	8,980	26,575	—	284,983
Income tax expenses	—	—	(1,069)	—	—	(1,069)
Gain on disposal of subsidiary	—	348	—	(348)	—	—
Foreign exchange gain (loss), net	123	(899)	119	783	—	126
Share of income (loss) in equity method investments	—	(19,152)	18,913	(31,372)	—	(31,611)
Net income (loss)	**35,518**	**(190,965)**	**(92,139)**	**(49,971)**	**333,075**	**35,518**

	For the Year Ended December 31, 2024					
	Our Company	Our subsidiaries	WOFE	VIEs and VIEs' subsidiaries	Eliminating adjustments between (i)our Company and our subsidiaries and WOFE and (ii)the VIEs and VIEs' subsidiaries	Consolidated
				(RMB in thousands)		
Third-party revenues	—	35,942	274	4,234,609	—	4,270,825
Inter-company services revenues[1]	—	—	198,032	18,071	(216,103)	—
Net revenues	**—**	**35,942**	**198,306**	**4,252,680**	**(216,103)**	**4,270,825**
Third-party operating income (expense)	(45,902)	(33,658)	(273,604)	(4,491,248)	—	(4,844,412)
Inter-company services cost and expenses[1]	—	—	(1,649,795)	1,433,692	216,103	—
Loss from equity in subsidiaries	(502,191)	(543,144)	—	—	1,045,335	—
Share of income from VIEs	—	—	1,185,207	—	(1,185,207)	—
Total operating cost and expenses	**(548,093)**	**(576,802)**	**(738,192)**	**(3,057,556)**	**76,231**	**(4,844,412)**
(Loss) income from operations	**(548,093)**	**(540,860)**	**(539,886)**	**1,195,124**	**(139,872)**	**(573,587)**
Other expenses, net	—	41,587	(10,000)	(9,689)	—	21,898
Interest income	241,283	25	7,475	14,269	—	263,052
Income tax expenses	—	—	(669)	(14,738)	—	(15,407)
Foreign exchange (loss) gain, net	—	(143)	76	1,302	—	1,235
Share of (loss) income in equity method investments	—	(2,800)	(140)	(1,061)	—	(4,001)
Net (loss) income	**(306,810)**	**(502,191)**	**(543,144)**	**1,185,207**	**(139,872)**	**(306,810)**

Notes:

(1) The eliminations are related to the service fees charged between WOFE and the VIEs.

	As of December 31, 2023					
	Our Company	Our subsidiaries	WOFE	VIEs and VIEs' subsidiaries	Eliminating adjustments between (i)our Company and our subsidiaries and WOFE and (ii)the VIEs and VIEs' subsidiaries	Consolidated
				(RMB in thousands)		
Assets						
Cash and cash equivalents	4,116,401	16,129	11,164	296,437	—	4,440,131
Restricted cash	—	—	—	—	—	—
Short term bank deposits	1,416,540	—	—	300,000	—	1,716,540
Accounts receivable, net	—	6,056	349	67,048	—	73,453
Prepayments	198	63	821	37,099	—	38,181
Other current assets	154,904	3,062	2,666	187,495	—	348,127
Investments in subsidiaries[1]	1,048,858	1,144,133	—	—	(2,192,991)	—
Amounts due from between the VIEs and the WOFE[2]	—	—	3,311,310	6,120	(3,317,430)	—
Amounts due from among our subsidiaries, our Company and the VIEs	—	19	—	261,196	(261,215)	—
Amounts due from related parties	—	—	117	68,877	—	68,994
Property and equipment, net	—	125	7,272	6,411	—	13,808
Intangible assets, net	—	—	3,161	117,533	—	120,694
Long term bank deposits	—	—	300,000	330,000	—	630,000
Investments	—	179,211	52,212	204,774	—	436,197
Goodwill	—	—	—	—	—	—
Right-of-use assets	—	321	12,128	10,344	—	22,793
Other non-current assets	—	1,562	11,917	149,706	—	163,185
Total assets	**6,736,901**	**1,350,681**	**3,713,117**	**2,043,040**	**(5,771,636)**	**8,072,103**
Accounts payable	—	27,795	48,206	458,427	—	534,428
Advances from customers	—	—	11	12,900	—	12,911
Deferred revenue	8,128	7,847	—	299,994	—	315,969
Accrued expenses and other current liabilities	39,096	3,492	87,750	116,263	—	246,601
Amounts due to between the VIEs and the WOFE[2]	—	—	6,120	3,311,310	(3,317,430)	—
Amounts due to among our subsidiaries, our Company and the VIEs	344	260,852	—	19	(261,215)	—
Amounts due to related parties	—	1,518	586	249,288	—	251,392
Deficit in VIEs[3]	—	—	2,413,940	—	(2,413,940)	—
Lease liabilities due within one year	—	161	8,978	5,629	—	14,768
Lease liabilities	—	158	3,393	3,150	—	6,701
Other liabilities	—	—	—	—	—	—
Total liabilities	**47,568**	**301,823**	**2,568,984**	**4,456,980**	**(5,992,585)**	**1,382,770**
Total shareholders' equity(deficit)	**6,689,333**	**1,048,858**	**1,144,133**	**(2,413,940)**	**220,949**	**6,689,333**
Total liabilities and shareholders' equity(deficit)	**6,736,901**	**1,350,681**	**3,713,117**	**2,043,040**	**(5,771,636)**	**8,072,103**

	As of December 31, 2024					
	Our Company	Our subsidiaries	WOFE	VIEs and VIEs' subsidiaries	Eliminating adjustments between (i)our Company and our subsidiaries and WOFE and (ii)the VIEs and VIEs' subsidiaries	Consolidated
				(RMB in thousands)		
Assets						
Cash and cash equivalents	654,352	5,858	17,443	339,495	—	1,017,148
Restricted cash	—	—	—	83	—	83
Short term bank deposits	2,990,374	—	—	80,000	—	3,070,374
Accounts receivable, net	—	60	290	48,707	—	49,057
Prepayments	70	—	462	26,353	—	26,885
Other current assets	52,846	285	2,388	175,835	—	231,354
Investments in subsidiaries[1]	550,081	600,952	—	—	(1,151,033)	—
Amounts due from between the VIEs and the WOFE[2]	—	—	1,691,182	4,465	(1,695,647)	—
Amounts due from among our subsidiaries, our Company and the VIEs	—	41	—	263,760	(263,801)	—
Amounts due from related parties	—	—	59	74,116	—	74,175
Property and equipment, net	—	7	3,997	3,089	—	7,093
Intangible assets, net	—	—	1,375	59,542	—	60,917
Long term bank deposits	—	—	200,000	160,000	—	360,000
Investments	—	221,066	42,072	193,677	—	456,815
Goodwill	—	—	—	—	—	—
Right-of-use assets	—	—	2,925	12,891	—	15,816
Other non-current assets	—	1,392	12,211	63,013	—	76,616
Total assets	**4,247,723**	**829,661**	**1,974,404**	**1,505,026**	**(3,110,481)**	**5,446,333**
Accounts payable	—	13,911	48,115	436,641	—	498,667
Advances from customers	—	—	31	4,413	—	4,444
Deferred revenue	754	—	—	251,592	—	252,346
Accrued expenses and other current liabilities	36,531	408	88,454	117,124	—	242,517
Amounts due to between the VIEs and the WOFE[2]	—	—	4,465	1,691,182	(1,695,647)	—
Amounts due to among our subsidiaries, our Company and the VIEs	349	263,452	—	—	(263,801)	—
Amounts due to related parties	—	1,809	586	220,194	—	222,589
Deficit in VIEs[3]	—	—	1,228,770	—	(1,228,770)	—
Lease liabilities due within one year	—	—	3,031	8,427	—	11,458
Lease liabilities	—	—	—	4,223	—	4,223
Other liabilities	—	—	—	—	—	—
Total liabilities	**37,634**	**279,580**	**1,373,452**	**2,733,796**	**(3,188,218)**	**1,236,244**
Total shareholders' equity(deficit)	**4,210,089**	**550,081**	**600,952**	**(1,228,770)**	**77,737**	**4,210,089**
Total liabilities and shareholders' equity(deficit)	**4,247,723**	**829,661**	**1,974,404**	**1,505,026**	**(3,110,481)**	**5,446,333**

Notes:

(1) It represents the eliminations of the investments among our Company, Our subsidiraries and WOFE.
(2) It represents the eliminations of the intercompany balances between WOFE and VIEs.
(3) Deficit in VIEs represents the amounts of accumulated losses from VIEs that exceeding the investment's carrying amounts.

	For the Year Ended December 31, 2023					
	Our Company	Our subsidiaries	WOFE	VIEs and VIEs' subsidiaries	Eliminating adjustments between (i)our Company and our subsidiaries, WOFE and (ii)the VIEs and VIEs' subsidiaries	Consolidated
				(RMB in thousands)		
Proceeds of services fee charges from inter-companies[1]	—	—	410,764	—	(410,764)	—
Payments of services fee charges to inter-companies[1]	—	—	—	(410,764)	410,764	—
Net cash provided by (used in) transactions with third-parties	141,700	7,596	(427,388)	230,405	—	(47,687)
Net cash provided by (used in) operating activities	**141,700**	**7,596**	**(16,624)**	**(180,359)**	**—**	**(47,687)**
Loans to Our subsidiaries[2]	—	—	—	—	—	—
Proceeds of loans from Our subsidiaries[2]	—	—	—	—	—	—
Investments in Our subsidiaries[3]	(16,197)	—	—	—	16,197	—
Other investing activities	320,075	24,539	14,054	55,517	—	414,185
Net cash (used in) provided by investing activities	**303,878**	**24,539**	**14,054**	**55,517**	**16,197**	**414,185**
Loans from the VIEs[2]	—	—	—	—	—	—
Repayments of loans to VIEs[2]	—	—	—	—	—	—
Capital contribution from Our Company[3]	—	16,197	—	—	(16,197)	—
Repurchase of ordinary shares	—	—	—	—	—	—
Other financing activities	—	—	—	(1)	—	(1)
Net cash (used in) provided by financing activities	**—**	**16,197**	**—**	**(1)**	**(16,197)**	**(1)**

	For the Year Ended December 31, 2024					
	Our Company	Our subsidiaries	WOFE	VIEs and VIEs' subsidiaries	Eliminating adjustments between (i)our Company and our subsidiaries, WOFE and (ii)the VIEs and VIEs' subsidiaries	Consolidated
				(RMB in thousands)		
Proceeds of services fee charges from inter-companies[1]	—	—	198,291	—	(198,291)	—
Payments of services fee charges to inter-companies[1]	—	—	—	(198,291)	198,291	—
Net cash provided by (used in) transactions with third-parties	248,272	(8,561)	(291,794)	(186,769)	—	(238,852)
Net cash provided by (used in) operating activities	**248,272**	**(8,561)**	**(93,503)**	**(385,060)**	**—**	**(238,852)**
Loans to Our subsidiaries[2]	—	—	—	—	—	—
Proceeds of loans from Our subsidiaries[2]	—	—	—	—	—	—
Investments in Our subsidiaries[3]	—	—	—	—	—	—
Other investing activities	(1,552,694)	(729)	98,782	380,148	—	(1,074,493)
Net cash (used in) provided by investing activities	**(1,552,694)**	**(729)**	**98,782**	**380,148**	**—**	**(1,074,493)**
Loans from the VIEs[2]	—	—	—	—	—	—
Repayments of loans to VIEs[2]	—	—	—	—	—	—
Capital contribution from Our Company[3]	—	—	—	—	—	—
Repurchase of ordinary shares	(105,509)	—	—	—	—	(105,509)
Other financing activities	(2,101,465)	—	—	—	—	(2,101,465)
Net cash (used in) provided by financing activities	**(2,206,974)**	**—**	**—**	**—**	**—**	**(2,206,974)**

Notes:

(1) The eliminations are related to the cash payment on service fees between WOFE and the VIEs.
(2) The eliminations are related to loans between VIEs and Our subsidiaries.
(3) The eliminations are related to investments between Our Company and Our subsidiaries.

Restrictions on Foreign Exchange and the Ability to Transfer Cash between Entities, Across Borders and to U.S. Investors

In the future, DouYu International Holdings Limited's ability to pay dividends, if any, to its shareholders and ADS holders and to service any debt it may incur will depend upon dividends paid by our PRC subsidiaries. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets offshore to DouYu International Holdings Limited. In particular, under the current effective PRC laws and regulations, dividends may be paid only out of distributable profits. Distributable profits are the net profit as determined under PRC GAAP, less any recovery of accumulated losses and appropriations to statutory and other reserves required to be made. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. As a result, our PRC subsidiaries may not have sufficient distributable profits to pay dividends to us in the near future.

Furthermore, if certain procedural requirements are satisfied, the payment of current account items, including profit distributions and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE or its local branches. However, where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies, approval from or registration with competent government authorities or its authorized banks is required. The PRC government may take measures at its discretion from time to time to restrict access to foreign currencies for current account or capital account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our offshore intermediary holding companies or ultimate parent company, and therefore, our shareholders or investors in our ADSs. Further, we cannot assure you that new regulations or policies will not be promulgated in the future, which may further restrict the remittance of RMB into or out of the PRC. We cannot assure you, in light of the restrictions in place, or any amendment to be made from time to time, that our current or future PRC subsidiaries will be able to satisfy their respective payment obligations that are denominated in foreign currencies, including the remittance of dividends outside of the PRC. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to DouYu International Holdings Limited. In addition, our PRC subsidiaries are required to make appropriations to certain statutory reserve funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies.

For PRC and United States federal income tax consideration of an investment in the ADSs, see “Item 10. Additional Information—10.E. Taxation.”

Taxation on Dividends or Distributions

As advised by our PRC counsel, for any amounts owed by the VIEs to our PRC subsidiaries under the VIE agreements, unless otherwise required by PRC tax authorities, we are able to settle such amounts without limitations under the current effective PRC laws and regulations, provided that the VIEs have sufficient funds to do so. DouYu International Holdings Limited declared cash dividend of US$9.76 per ordinary share on July 3, 2024 and US$9.94 per ordinary share on January 16, 2025 with the payment dates of August 30, 2024 and February 20, 2025 respectively. See “Item 8.—Financial Information—8.A. Consolidated Statements and Other Financial Information—Dividend Policy.” For PRC and United States federal income tax considerations of an investment in our ADSs, see “Item 10. Additional Information—10.E. Taxation.”

Implication of the Holding Foreign Companies Accountable Act

Trading in our securities on U.S. markets, including the Nasdaq, may be prohibited under the Holding Foreign Companies Accountable Act as amended by the Consolidated Appropriations Act, 2023 (the “HFCAA”) if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years because of a position taken by authorities in a foreign jurisdiction. On December 16, 2021, the Public Company Accounting Oversight Board (the “PCAOB”) issued the HFCAA Determination Report to notify the SEC of its determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong (the “2021 Determinations”), including our auditor. On May 4, 2022, we were conclusively identified by the SEC under the HFCAA as having filed audit reports issued by a registered public accounting firm that cannot be inspected or investigated completely by the PCAOB in connection with the filing of our 2021 Form 20-F. The inability of the PCAOB to conduct inspections in the past also deprived our investors of the benefits of such inspections. On December 15, 2022, the PCAOB announced that it was able to conduct inspections and investigations completely of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong in 2022. The PCAOB vacated its previous 2021 Determinations accordingly. As a result, we were not at risk of having our securities subject to a trading prohibition under the HFCAA unless a new determination is made by the PCAOB. However, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor’s, control, including positions taken by authorities of the PRC. The PCAOB is expected to continue to demand complete access to inspections and investigations against accounting firms headquartered in mainland China and Hong Kong in the future. The PCAOB is required under the HFCAA to make its determination on an annual basis with regards to its ability to inspect and investigate completely accounting firms based in the mainland China and Hong Kong, among other jurisdictions. The possibility of being a “Commission-Identified Issuer” and risk of delisting could continue to adversely affect the trading price of our securities. If the PCAOB determines in the future that it no longer has full access to inspect and investigate accounting firms headquartered in mainland China and Hong Kong and we continue to use such accounting firm to conduct audit work, we would be identified as a “Commission-Identified Issuer” under the HFCAA following the filing of the annual report for the relevant fiscal year, and if we were so identified for two consecutive years, trading in our securities on U.S. markets would be prohibited. For details, see “Risk Factors—Risks Related to Doing Business in China—Trading in our securities on U.S. markets, including the Nasdaq, may be prohibited under the Holding Foreign Companies Accountable Act , or the HFCAA, if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years.”

3.A. [Reserved]

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reason for the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

We face significant regulatory, liquidity and enforcement risks and uncertainties as a company based in and primarily operating in China, including risks and uncertainties regarding that the rules and regulations in China may evolve quickly with any public consultation and advanced notice period being relatively short in terms of the time that we may need to fully adapt to such changes, all of which could result in a material change in our operations and value of our ADSs. The PRC government may also influence our operations by adopting new laws and regulations as the government deems appropriate to further regulatory, political and societal goals, or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers, which could result in a material change in our operations and the value of our ADSs. We also face risks associated with recent statements and regulatory actions by the PRC government, including those related to the use of variable interest entities, anti-monopoly regulatory actions, as well as cybersecurity and data privacy.

You should carefully consider all of the information in this annual report before making an investment in the ADSs. The operational risks associated with being based in and having operations in mainland China also apply to operations in Hong Kong and Macau. While entities and businesses in Hong Kong and Macau operate under different sets of laws from mainland China, the legal risks associated with being based in and having operations in mainland China could apply to a company's operations in Hong Kong and Macau, if the laws applicable to mainland China become applicable to entities and business in Hong Kong and Macau in the future. As of the date of this annual report, we do not have operations in Hong Kong or Macau. In particular, as we are a China-based company incorporated in the Cayman Islands, you should pay special attention to subsections headed "Item 3. Key Information—3.D. Risk Factors —Risks Related to Doing Business in China" and "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure."

Below please find a summary of the principal risks we face, organized under relevant headings.

Risks Related to Doing Business in China

- *Risks associated with the PRC government exerting more control over our future overseas offerings or foreign investments in us and failure to obtain the approval, filling or other requirements of the China Securities Regulatory Commission or other PRC government authorities in connection with our issuance of securities overseas. For details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government may exert more control over our future overseas offerings or foreign investments in us, which could result in a material change in our operation and the value of our ADSs. In particular, the approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required under PRC law in connection with our issuance of securities overseas." on page 20 of this annual report.*

- *Risks associated with uncertainties in the interpretation and enforcement of PRC laws and regulations. For details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations, including uncertainties regarding the enforcement of laws, and unexpected changes in policies, laws and regulations in China, could negatively impact our operations and limit the legal protections available to you and us" on page 22 of this annual report.*

- *Risks associated with the regulation and censorship of information disseminated over mobile devices and Internet in China. For details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Regulation and censorship of information disseminated over mobile devices and Internet in China may adversely affect our business and subject us to liability for content streamed or posted on our platform" on page 23 of this annual report.*

- *Risks associated with adverse changes in global or China's economic, political or social conditions or government policies. For details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Adverse changes in global or China's economic, political or social conditions or government policies could have a material adverse effect on our business, financial condition and results of operations" on page 24 of this annual report.*

- *Risks associated with the absence of law or regulation specifically governing virtual asset property rights. For details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Currently there is no law or regulation specifically governing virtual asset property rights and therefore it is not clear what liabilities, if any, online game operators may have for virtual assets" on page 25 of this annual report.*

- *Risks associated with the historical inability of the PCAOB to inspect our auditor and uncertainties about the ability of our auditor to fully cooperate with the PCAOB's inspection. For details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements included elsewhere in this annual report" on page 35 of this annual report.*

- *Risks associated with the potential inability of the PCAOB to inspect our auditor in the future. For details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Trading in our securities on U.S. markets, including the Nasdaq, may be prohibited under the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act, 2023, or the HFCAA, if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years." on page 35 of this annual report.*

Risks Related to Our Business and Industry

- *Risks associated with our ability to retain our existing users, keep them engaged or further grow our user base. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—If we fail to retain our existing users, keep them engaged or further grow our user base, our business, operation, profitability and prospects may be materially and adversely affected" on page 37 of this annual report.*

- *Risks associated with our ability to attract, cultivate and retain top streamers. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—We may fail to attract, cultivate and retain top streamers, which may materially and negatively affect our user retention and thus our business and operations" on page 38 of this annual report.*

- *Risks associated with our ability to offer attractive content, in particular popular game content, on our platform. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—We may fail to offer attractive content, in particular popular game content, on our platform" on page 38 of this annual report.*

- *Risks associated with our ability to effectively manage our growth and control our periodic spending to maintain such growth. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry— If we fail to operate our business efficiently, our brand, business and results of operations may be materially and adversely affected" on page 40 of this annual report.*

- *Risks associated with the net losses we have incurred since inception and the losses we may continue to incur in the future. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—We have incurred net losses since inception, and we may continue to incur losses in the future" on page 40 of this annual report.*

- *Risks associated with our ability to successfully implement our monetization strategies. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—Our business may suffer if we fail to successfully implement our monetization strategies" on page 42 of this annual report.*

- *Risks associated with our content monitoring system. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—We have limited control over third parties who use our platform and our content monitoring system may not be effective in preventing misconduct by our platform users and misuse of our platform and such misconduct or misuse may materially and adversely impact our brand image, business and operating results" on page 42 of this annual report.*

- *Risks associated with our limited operating history with a relatively new business model in a relatively new market. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—Our limited operating history in a rapidly evolving market makes it difficult to evaluate our business and growth prospects" on page 43 of this annual report.*

- *Risks associated with natural disasters, health epidemics and other outbreaks of contagious diseases. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases" on page 44 of this annual report.*

- *Risks associated with our information technology and potential cybersecurity incidents. For details, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cybersecurity incidents, could harm our ability to operate our business effectively" on page 56 of this annual report.*

Risks Related to Our Corporate Structure

- *Risks associated with substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that establish the VIE structure for our operations in China. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that establish the VIE structure for our operations in China, including potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with the VIEs and, consequently, significantly affect the financial condition and results of operations performance of Douyu. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIEs" on page 68 of this annual report.*

- *Risks associated with failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business" on page 69 of this annual report.*

- *Risks associated with our reliance on contractual arrangements with the VIEs and their shareholders for our operations in China. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—We rely on contractual arrangements with the VIEs and their shareholders for our operations in China, which may not be as effective in providing operational control as direct ownership" on page 70 of this annual report.*

- *Risks associated with our inability to use and enjoy assets held by the VIEs and their subsidiaries that are important to our business. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—We may lose the ability to use and enjoy assets held by the VIEs and their subsidiaries that are important to our business if the VIEs and their subsidiaries declare bankruptcy or become subject to a dissolution or liquidation proceeding" on page 71 of this annual report.*

- *Risks associated with scrutiny by the PRC tax authorities that may impose on our contractual arrangements. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—Contractual arrangements we have entered into with the VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment" on page 71 of this annual report.*

Risks Related to our American Depositary Shares

- *Risks associated with the volatility of the market price of our ADSs. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—The market price for our ADSs may be volatile" on page 73 of this annual report.*

- *Risks associated with failure of the securities or industry analysts to publish accurate or favorable research or reports. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline" on page 74 of this annual report.*

- *Risks associated with failure of the securities or industry analysts to publish research or reports in favor of us, or at all. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for the ADSs and trading volume could decline" on page 74 of this annual report.*

- *Risks associated with the possibility of being regarded as a passive foreign investment company. For details, see "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry—We were likely a passive foreign investment company, or PFIC, for 2024 if the value of our assets is determined by reference to our market capitalization and there is a significant risk that we will be a PFIC for 2025 and possibly subsequent taxable years, in which case U.S. investors will generally be subject to adverse U.S. federal income tax consequences" on page 80 of this annual report.*

Risks Related to Doing Business in China

The PRC government may exert more control over our future overseas offerings or foreign investments in us, which could result in a material change in our operation and the value of our ADSs. In particular, the approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required under PRC law in connection with our issuance of securities overseas.

We conduct our business primarily through Douyu Yule and VIEs in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the operation of our business, and it may influence our operations, which could result in a material adverse change in our operation and the value of our ADSs.

In recent years, the PRC government has indicated an intent to exert more oversight over overseas offerings by and/or foreign investments in China-based issuers like us. For example, on July 6, 2021, relevant PRC government authorities promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law, which emphasized the need to strengthen the administration over "illegal securities activities" and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, although such opinions did not specify the definition of "illegal securities activities". Such opinions further provided that the special provisions of the State Council on overseas offerings and listings by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory agencies will be clarified.

In addition, on December 28, 2021, the CAC, the NDRC, the MIIT, and several other PRC governmental authorities jointly issued the revised Cybersecurity Review Measures, which became effective on February 15, 2022. The revised Cybersecurity Review Measures provide that a critical information infrastructure operator purchasing network products and services, and platform operators carrying out data processing activities, which affect or may affect national security, shall apply for cybersecurity review and that a platform operator with more than one million users' personal information aiming to list abroad must apply for cybersecurity review. There are substantial uncertainties as to the interpretation, application, and enforcement of the Cybersecurity Review Measures and whether to conduct a security offering or maintain our trading status in the U.S. will be subject to the cybersecurity review procedures.

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, and five supporting guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. If a company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. The Overseas Listing Trial Measures also provide that a company in mainland China must file with the CSRC within three business days for its follow-on offering of securities after it is listed in an overseas market. On February 17, 2023, the CSRC also issued the Notice on Administration of the Filing of Overseas Offering and Listing by Domestic Companies and held a press conference for the release of the Overseas Listing Trial Measures, which, among others, clarified that the companies in mainland China that have been listed overseas before March 31, 2023 are not required to file with the CSRC immediately, but these companies should complete filing with the CSRC for their refinancing activities in accordance with the Overseas Listing Trial Measures. Based on the foregoing, as an issuer that has been listed overseas before the effective date of the Overseas Listing Trial Measures, we are not required to complete filing with the CSRC for our prior offshore offerings at this stage, but we may be subject to the filing requirements for our refinancing activities under the Overseas Listing Trial Measures. However, since the Overseas Listing Trial Measures was newly promulgated, the interpretation, application and enforcement of the Overseas Listing Trial Measures remain unclear. We cannot assure you that we will be able to complete such filing in a timely manner and fully comply with such rules to maintain the listing status of our ADSs and/or other securities, or to conduct any securities offerings in the future.

On February 24, 2023, the CSRC, jointly with other relevant governmental authorities, issued the revised the Provisions on Strengthening the Confidentiality and Archive Management Work Relating to the Overseas Securities Offering and Listing by Domestic Companies, which became effective on March 31, 2023. The provisions requires, among others, that companies based in mainland China seeking to offer securities in overseas markets, either directly or indirectly, shall establish the confidentiality and archives system, and shall complete approval and filing procedures with competent authorities, if such companies or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of PRC government agencies to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. It further stipulates that providing or publicly disclosing documents and materials which may adversely affect national security or public interests, and accounting files or copies shall be subject to corresponding procedures in accordance with relevant laws and regulations. The revised provisions was newly promulgated. There remain substantial uncertainties about how these provisions will be interpreted, or implemented and how it will affect our operations.

If the CSRC or other relevant PRC regulatory agencies subsequently determine that prior approval and filing is required for any of our future offerings of securities overseas or to maintain the listing status of our ADSs, we cannot guarantee that we will be able to obtain such approval or complete such filing in a timely manner, or at all. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, not to proceed with such offering or maintain the listing status of our ADSs. If we proceed with any such offering or maintain the listing status of our ADSs without filing with the CSRC to the extent it is required under the Overseas Listing Trial Measures, or if we are unable to comply with any new requirements which might be adopted for offerings that we have completed prior to the publication of the above-referenced regulations, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from offerings of securities overseas into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs.

Furthermore, if there are any other approvals, filings and/or other administration procedures, including the cybersecurity review under the Cybersecurity Review Measures and the Measures for Network Data Security, to be obtained from other PRC regulatory agencies as required by any new laws and regulations for any of our future proposed offering of securities overseas or the listing of the ADSs, we cannot assure you that we can obtain the required approval or complete the required filings or other regulatory procedures in a timely manner, or at all. Any failure to obtain the relevant approvals or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other sanctions from the CSRC or other PRC government authorities, which may have a material adverse effect on our business, financial condition or results of operations.

It remains uncertain how PRC government authorities will regulate overseas listing and trading in general. In connection with our securities offering in the future, we may be unable to obtain the required approvals from the relevant government authorities in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. In addition, implementation of new laws and regulations may significantly affect the industries in which we operate, which could have material adverse change in our operations and cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

Uncertainties in the interpretation and enforcement of PRC laws and regulations, including uncertainties regarding the enforcement of laws, and unexpected changes in policies, laws and regulations in China, could negatively impact our operations and limit the legal protections available to you and us.

Our PRC subsidiaries and the VIEs, in particular Douyu Yule, a wholly foreign-owned enterprise, is subject to laws and regulations applicable to foreign-invested enterprises as well as various Chinese laws and regulations generally applicable to companies incorporated in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules and enforcement of these laws, regulations and rules involves uncertainties. For example, on December 29, 2023, the Standing Committee of the National People's Congress published the PRC Company Law (2023 Revision) ("New Company Law"), which took effect on July 1, 2024. The New Company Law requires shareholders of a company to fully pay in their subscribed registered capital within five years of the establishment of the company. It also provides that companies established before the New Company Law comes into force with a term of capital contributions exceeding the aforementioned 5-year period shall adjust their schedule of capital contribution to meet the new requirements, unless otherwise provided by relevant laws and regulations or the State Council. On July 1, 2024, the SAMR issued the Provisions of the State Council on Implementing the Registered Capital Registration and Management System under the PRC Company Law, which further specify the detailed requirements and measures of the registration and management of registered capital under the New Company Law.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings, and the level of legal protection we enjoy.

The PRC government has significant oversight and discretion over the conduct of our business and may influence our operations as the government deems appropriate to further regulatory, political and societal goals. In recent years, the PRC government has published new policies that adversely affected our industry and our business, and we cannot rule out the possibility that it will, in the future, release regulations or policies regarding our industry that could further adversely affect our business, financial condition and results of operations. Furthermore, in recent years, the PRC government has strengthened oversight and control over securities offerings and other capital markets activities that are conducted overseas and foreign investment in China-based companies like us. Any such action, once taken by the PRC government, could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless.

However, as there are still regulatory uncertainties in this regard, we cannot assure you that we will be able to comply with new or existing laws and regulations in all respects, and we may be ordered to rectify, suspend or terminate any actions or services that are deemed illegal by the regulatory authorities and become subject to material penalties, which may materially harm our business, financial condition, results of operations and prospects.

Furthermore, the PRC legal system is based in part on government policies and rules. We may not be aware of our violation of these policies and rules until sometime after the violation, and may be subject to fines, penalties, liabilities or other remedial measures as a result. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment could materially and adversely affect our business and impede our ability to continue our operations.

Regulation and censorship of information disseminated over mobile devices and Internet in China may adversely affect our business and subject us to liability for content streamed or posted on our platform.

Internet companies in China are subject to a variety of existing and new rules, regulations, policies, and license and permit requirements. In connection with enforcing these rules, regulations, policies and requirements, relevant government authorities may suspend services by revoking the licenses of, any Internet or mobile content service provider that is deemed to provide illicit content online or on mobile devices, or may impose fines or penalties, require implementation of remedial measures (including but not limited to the adjustment or removal of specific features, cessation of updates to certain content, or temporary or permanent suspension of certain streamers' accounts), or impose more stringent requirements for content service providers, and such activities may be intensified in connection with any ongoing government campaigns to eliminate prohibited content online. For example, in recent years, the Office of the Anti-Pornography and Illegal Publications Working Group, the CAC, the MIIT, the Ministry of Culture and Tourism and the Ministry of Public Security have jointly or independently been launching a series of "Cleaning Up the Internet" campaigns, and have imposed more stringent requirements for internet platforms operators, such as us. Based on publicly available information, these campaigns are aimed to eliminate pornographic, harmful and illegal information and content from the Internet information services industry by, among other things, holding liable individuals and corporate entities that were deemed to facilitate the distribution of pornographic information and content. For example, in 2020, the Ministry of Public Security launched a "Cleaning Up the Internet 2020" campaign, which is aimed at cracking down on illegal or criminal activities in relation to telecommunication network fraud, online gambling, online "water army" and other severe illegal or criminal activities. In 2021, the Office of the Anti-Pornography and Illegal Publications Working Group, together with relevant PRC government authorities, launched a "Cleaning Up the Internet 2021" campaign, which is aimed to eliminate pornographic, violent, terrorist, and superstitious information and content and other inappropriate contents from the livestreaming, online games, network literature industries, pop-up advertising and online social media platforms. During the campaigns, relevant government authorities have shut down certain websites, removed certain links and closed certain accounts. Certain Chinese Internet companies voluntarily initiated self-investigations to filter and remove content from their websites and cloud servers. In 2022, the PRC regulators launched the "Cleaning Up the Internet 2022" campaign with a key focus on regulating issues in certain areas, including among others, short videos, livestreaming, network environment for minors during summer holiday, application information services and application algorithms. On April 15, 2022, the CAC, the State Taxation Administration, or the SAT, and the State Administration for Market Regulation, or the SAMR jointly launched a two-month "Cleaning Up" campaign to regulate the chaos in the livestreaming and short video industry. The campaign is aimed to regulate "pornographic, ugliness, bizarre, fake, vulgar and gambling" contents and other illicit contents and rectify prominent issues in the industry, such as "key opinion leaders' chaos", excessive reward, illegal profit and malicious marketing. In 2024, the PRC government authorities continued to launch the "Cleaning Up the Internet 2024" campaigns, which are aimed to regulate issues in certain areas, including but not limited to pornographic, illegal and inappropriate content on livestreaming, short videos and other online platforms, and minor protection.

We endeavor to eliminate illicit content from our platform. We have made substantial investments in resources to monitor content that users post on our platform and the way in which our users engage with each other through our platform. We use a variety of methods to ensure our platform remains a healthy and positive experience for our users. See "Item 4. Information of the Company—4.B. Business Overview—Content Monitoring System." Although we employ these methods to filter content posted on our platform and have adopted policies to prohibit inappropriate or illicit content on our platform, we have limited control over the streamers or other third parties who post content on our platform, and the content streamed or posted on our platform. We cannot guarantee that all streamers or other third parties who post content streamed or posted on our platform comply with our requirements and policies, which may in turn result in breach of public policies, violations of laws, fines or penalties imposed on our platform and reputational damage. We cannot be sure that our internal content control efforts will be sufficient to remove all content that may be viewed as indecent or otherwise non-compliant with PRC law and regulations. Government standards and interpretations as to what constitutes illicit online content or behavior are subject to interpretation and may change in a manner that could render our current monitoring efforts insufficient. The Chinese government has wide discretion in regulating online activities and, irrespective of our efforts to control the content on our platform, government campaigns and other actions to reduce illicit content and activities could subject us to negative press or regulatory challenges and sanctions, including fines, confiscation of illegal income, suspension or revocation of our licenses to operate in China or a suspension or ban on our mobile or online platform, including suspension or closure of one or more parts of or our entire business. Further, our senior management could be held criminally liable if we are deemed to be promoting or profiting from illicit content on our platform. The CAC conducted a one-month on-site inspection of the Company's content platform in May 2023. We cannot guarantee that we will not be subject to future inspections, or that any such future inspections or investigatoins will not lead to any material adverse effect on our business, financial condition and results of operations. See "Item 3. Key Information—D. Risk Factors— Risks Related to Our Business and Industry— Enhanced regulatory oversight and regulatory investigations could cause us to incur additional expenses or change our business practices in a manner materially adverse to our business." If government actions or sanctions are brought against us, or if there are widespread rumors that government actions or sanctions have been brought against us, our reputation could be harmed, we may lose users and customers, our revenues and results of operation may be materially and adversely affected and the value of our ADSs could be dramatically reduced.

Adverse changes in global or China's economic, political or social conditions or government policies could have a material adverse effect on our business, financial condition and results of operations.

Our revenues are substantially sourced from China. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political and legal developments in China. Economic reforms begun in the late 1970s have resulted in significant economic growth. While the PRC economy has experienced significant growth in the past 40 years, there can be no assurance that the growth would be maintained or be even across sectors. Any adverse changes in the economic conditions in China, in the policies of the PRC government, or in the PRC laws and regulations, could materially and adversely affect our operations. Any severe or prolonged economic downturn could adversely affect our business and operating results, leading to reduction in demand for our services, and adversely affect our competitive position.

China's economic conditions are sensitive to global economic conditions. The global financial markets have experienced significant disruptions since 2008 and the United States, Europe and other economies have experienced periods of recession. The global macroeconomic environment is facing new challenges and there is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. Our operations may also be negatively affected by any deterioration of the political and economic relations between China and other countries, and other geopolitical challenges. Recent international trade disputes, including tariff actions announced by the United States, the PRC and certain other countries, and the uncertainties created by such disputes may cause disruptions in the international flow of goods and services and may adversely affect the Chinese economy as well as global markets and economic conditions. There have also been concerns about the economic effect of the military conflicts and political turmoil or social instability in the Middle East, Europe, Africa and other places, as well as the recent banking turmoil in the United States and the European Union. If the relationship between these countries deteriorates, PRC companies listed on U.S. exchanges, including us, may be imposed additional compliance burdens and restricted access to U.S. capital markets. Any severe or prolonged slowdown in the global economy may adversely affect the Chinese economy which in turn may adversely affect our business and operating results.

The PRC government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Although the PRC economy has grown significantly in the past decade, that growth may not continue, as evidenced by the slowing of the growth of the PRC economy since 2012. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to a reduction in demand for our services and adversely affect our competitive position.

Currently there is no law or regulation specifically governing virtual asset property rights and therefore it is not clear what liabilities, if any, online game operators may have for virtual assets.

While participating on our platform, our users acquire, purchase and accumulate some virtual assets, such as gifts or certain status. Such virtual assets can be important to users and have monetary value. In practice, virtual assets can be lost for various reasons, often through unauthorized use of the user account of one user by other users and occasionally through data loss caused by delay of network service, network crash or hacking activities. Currently, there is no PRC law or regulation specifically governing virtual asset property rights. As a result, there is uncertainty as to who the legal owner of virtual assets is, whether and how the ownership of virtual assets is protected by law, and whether an operator of a livestreaming platform such as us would have any liability, whether in contract, tort or otherwise, to users or other interested parties, for loss of such virtual assets. Based on recent PRC court judgments, the courts have typically held online platform operators liable for losses of virtual assets by platform users, and ordered online platform operators to return the lost virtual items to users or pay damages and losses. In case of a loss of virtual assets, we may be sued by our users and held liable for damages, which may negatively affect our reputation and business, financial condition and results of operations.

Our business is subject to complex and evolving Chinese and international laws and regulations, including those regarding data privacy and cybersecurity. Many of these laws and regulations are subject to changes and interpretation of regulators.

We are required by privacy and data protection laws in China and other jurisdictions, including, without limitation, the PRC Cyber Security Law, to ensure the confidentiality, integrity and availability of the information of our users, third-party agents, content providers and other data, which is also essential to maintaining their confidence in our services. However, the regulatory framework for the collection, protection, use, sharing, transfer and other processing of data worldwide is rapidly evolving and remains uncertain. For example, the Standing Committee of the National People's Congress of the PRC, promulgated the Cyber Security Law in November 2016, which requires network operators to perform certain functions related to cyber-security protection and strengthened network information management through taking technical and other necessary measures as required by laws and regulations to safeguard the operation of networks, respond to network security effectively, prevent illegal and criminal activities, and maintain the integrity and confidentiality and usability of network data.

Regulatory authorities in China have implemented and are considering a number of legislative and regulatory proposals concerning cybersecurity and data protection. There remains uncertainties as to the interpretation and application of cybersecurity, information security, privacy and data protection laws in China. It is possible that existing or newly introduced laws and regulations, or their interpretation, application or enforcement, could significantly affect our business practice and force us to change our business practices. For example, on August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection. The PRC Personal Information Protection Law also provides specific protection requirements for processing personal information, and such requirements remain to be clarified by governmental authorities and courts in practice. We may be required to make adjustments to our business practices to comply with the personal information protection laws and regulations. In June 2021, the SCNPC promulgated the Data Security Law, which took effect on September 1, 2021. The Data Security Law introduces a data classification and hierarchical protection system based on the importance of data and provides a national security review procedure for those data activities, which may affect national security and imposes export restrictions on certain data and information. It also provides that any organization or individual within the territory of the PRC shall not provide any foreign judicial or law enforcement agencies with any data without the approval of the competent PRC government authorities.

On December 28, 2021, the CAC, the NDRC, the MIIT, and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures, which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators engaging in data processing activities are also subject to cybersecurity review under the Cybersecurity Review Measures if their activities affect or may affect national security. The relevant competent governmental authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. In addition, the Cybersecurity Review Measures provide that network platform operators holding over one million users' personal information must apply with the Cybersecurity Review Office for a cybersecurity review before listing on a foreign stock exchange. As of the date of this annual report, we have not received any notice from any authorities identifying us as a critical information infrastructure operator or requiring us to undertake a cybersecurity review. However, as the Cybersecurity Review Measures are relatively new, we still face uncertainties that the measures may be interpreted or implemented in ways that will negatively affect us.

On September 24, 2024, the CAC published the Measures on Network Data Security Management, or the Measures for Network Data Security, which provides that network data processors conduct network data processing activities that affects or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. In addition, network data processors processing personal information of over 10 million individuals shall fulfill certain requirements for processing important data and require network data processors to take certain precautionary measures, such as identifying important data and conducting annual risk assessment. Furthermore, the Measures for Network Data Security allow network data processors to provide personal information overseas only if it is strictly necessary for fulfilling statutory obligations. The Measures for Network Data Security also establish certain obligations of online platform service providers, including offering users an option to turn off personalized recommendations. However, the Measures for Network Data Security remain unclear on how it will be interpreted and implemented by the relevant PRC governmental authorities.

In addition, on July 7, 2022, the CAC issued the Measures for Security Assessment of Cross-border Data Transfer, which became effective on September 1, 2022. These measures require the data processor providing data overseas to apply for the security assessment of cross-border transfer of data with the local provincial-level counterparts of the national cybersecurity authority under any of the following circumstances: (i) where the data processor intends to provide important data overseas; (ii) where a critical information infrastructure operator and a data processor who has processed personal information of more than 1,000,000 individuals intends to provide personal information overseas; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the preceding year intends to provide personal information overseas; or (iv) other circumstances where the security assessment of data cross-border transfer is required by the CAC. In addition, the data processor shall conduct a self-assessment on the risk of data cross-border transfer prior to applying for the foregoing security assessment. The data processors that in violation of such measures are required to rectify such non-compliance incidents within 6 months of the effectiveness date thereof. Given that the above measures came into effect recently, their interpretation, application and enforcement and how they will affect our business operation are subject to substantial uncertainties.

Compliance with the above PRC laws and regulations as well as additional laws and regulations that PRC regulatory bodies may enact in the future, including laws and regulations regarding cybersecurity, information security, privacy and data protection, may result in additional expenses to us and subject us to negative publicity, which could harm our reputation and business operations. There are also uncertainties with respect to how such laws and regulations will be implemented and interpreted in practice. PRC regulators have been increasingly focused on regulation in the areas of data security and data protection, and are enhancing the protection of privacy and data security by rule-making and enforcement actions at central and local levels. For example, in July 2021, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law, which further emphasized to improve relevant laws and regulations on data security, cross-border data transmission and confidential information management. We expect that these areas will receive greater and continued attention and scrutiny from regulators and the public going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection.

While we have taken various measures to comply with all applicable laws and regulations regarding cybersecurity, information security, privacy and data protection in China, we cannot assure you that the measures we have taken or will take are adequate under these laws and regulations, and we may be held liable in the event of any breach of the relevant requirements under or other relevant laws and regulations. Any failure or perceived failure by us to prevent information security breaches or to comply with data security and privacy policies or related legal obligations, or any compromise of security that results in the unauthorized use, release or transfer of personally identifiable information or other data, could cause our users to lose trust in us and could expose us to legal claims, fines or penalties. Any perception by the public that privacy of user information or data security are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of our products and services generally. We may also be held liable in the event of any breach of general clauses on our compliance with such statutory requirements as well as some other specific requirements related to data protection under the relevant contracts. We may have to spend much more personnel cost and time evaluating and managing these risks and challenges in connection with our products and services in the ordinary course of our business operations, and have cooperated, and will continue cooperating in the future, with the competent regulators in these respects. If further changes in our business practices are required under China's evolving regulatory framework for the protection of information in cyberspace, our business, financial condition and results of operations may be adversely affected. These proceedings or actions could subject us to significant fines, penalties, liabilities, other remedial measures and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business, hinder our global expansion or negatively affect the trading prices of our ADSs, shares and/or other securities. If we are unable to manage these risks, we could become subject to fines, penalties, liabilities, suspension of business, revocation of required licenses and other remedial measures and our reputation and results of operations could be materially and adversely affected.

Any failure or perceived failure by us to comply with Anti-monopoly Guidelines on Platform Economies and other anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.

In recent years, PRC anti-monopoly enforcement agencies have strengthened enforcement under the PRC Anti-monopoly Law. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the Ministry of Commerce, the NDRC and the State Administration for Industry and Commerce (the predecessor of the SAMR), respectively. Since its inception, the SAMR has continued to strengthen anti-monopoly enforcement. In December 2018, the SAMR issued the Notice on Anti-monopoly Enforcement Authorization, which grants authority to its province-level branches to conduct anti-monopoly enforcement within their respective jurisdictions. In November 2021, the National Anti-monopoly Bureau was inaugurated by the State Council, which aims to further implement the fair competition policies, and strengthen anti-monopoly supervision in the PRC, especially to strengthen oversight and law enforcement in areas involving innovation, science and technology, information security and people's livelihood.

The PRC anti-monopoly regulators may also issue implementation rules or guidelines from time to time to reinforce their regulation on certain industrial sectors. In February 2021, the Anti-monopoly Commission of the State Council published the Anti-monopoly Guidelines on Platform Economies. These guidelines prohibit monopolistic conduct such as entering into monopoly agreements, abusing market dominance and concentration of undertakings that may have the effect of eliminating or restricting competition in the field of platform economies. More specifically, the Anti-monopoly Guidelines on Platform Economies outline certain practices that may, if without justifiable reasons, constitute abuse of a dominant position, including without limitation, discriminating against customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, refusing to deal with counterparties on reasonable conditions, using bundle services to sell services or products, and compulsory collection of users' unnecessary data. The Anti-monopoly Guidelines on Platform Economies further expressly state that concentration involving VIE will also be subject to antitrust filing requirements, and therefore will also fall within the scope of the antitrust review. In addition, Anti-monopoly Guidelines on Platform Economies reinforce antitrust merger review for internet platform related transactions to safeguard market competition. Since the Anti-monopoly Guidelines on Platform Economies are relatively new and may be subject to interpretation by the regulators in the process of implementing such guidelines, we cannot assure you that our business operations will comply with such regulation in all respects, and any failure or perceived failure by us to comply with such regulation may result in governmental investigations, fines and/or other sanctions on us. Furthermore, the amended PRC Anti-monopoly Law which took effect on August 1, 2022 increases the fines for illegal concentration of business operators to no more than ten percent of sales revenue of the preceding financial year if the concentration of business operator has or may have an effect of excluding or limiting competition; or a fine of up to RMB5 million if the concentration of business operators does not have an effect of excluding or limiting competition. The PRC Anti-monopoly Law also provides that the relevant authority shall investigate a transaction where there is any evidence that the concentration has or may have the effect of eliminating or restricting competitions, even if such concentration does not reach the filing threshold. See "Item 4. Information of the Company—4.B. Business Overview—Regulation."

We may be involved in investigations, inquiries, claims, complaints or other administrative requirements in relation to anti-monopoly laws and regulations in the PRC from time to time. In the case of our failure or perceived failure to comply with these laws and regulations and new legislations or guidelines to be promulgated from time to time, governmental agencies and regulators may, among other things, prohibit or rescind our acquisitions, divestitures, or combinations, impose significant fines or penalties, require divestiture of certain of our assets, or impose other restrictions that limit or require us to modify our operations. Any anti-monopoly related lawsuits, regulatory investigations or administrative proceedings initiated against us could also result in our being subject to regulatory actions and constraints on our investments and acquisitions, which could include forced termination of any agreements or transactions, required divestitures, and business practices or significant fines. For example, in October 2020, we entered into an Agreement and Plan of Merger with HUYA Inc. and other related parties, pursuant to which HUYA Inc. would acquire all our outstanding ordinary shares, including ordinary shares represented by ADSs, through a stock-for-stock merger. On July 10, 2021, the SAMR, posted an announcement of its decision to prohibit the merger transaction following its anti-monopoly review. Moreover, any noncompliance or associated inquiries, investigations or other governmental actions may divert significant management time and attention and financial resources, bring negative publicity, subject us to liabilities or administrative penalties, and materially and adversely affect our financial conditions, results of operations, and business prospects.

Under the PRC enterprise income tax law, we may be classified as a PRC "resident enterprise," which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the PRC enterprise income tax law that became effective on January 1, 2008, and was last amended on December 29, 2018, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. On April 22, 2009, the SAT issued the Circular Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprise on the Basis of De Facto Management Bodies, or SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Further to SAT Circular 82, on July 27, 2011, the SAT issued the Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial), or SAT Bulletin 45, which became effective on September 1, 2011, to provide more guidance on the implementation of SAT Circular 82.

According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC resident enterprise or a PRC resident enterprise group will be considered a PRC tax resident enterprise by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions are met: (a) the senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (b) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (d) not less than half of the enterprise's directors or senior management with voting rights habitually reside in the PRC. SAT Bulletin 45 provides further rules on residence status determination, post-determination administration as well as competent tax authorities procedures.

Although SAT Circular 82 and SAT Bulletin 45 apply only to offshore incorporated enterprises controlled by PRC resident enterprises or a PRC resident enterprise group and not those controlled by PRC resident individuals or foreigners, the determination criteria set forth therein may reflect SAT's general position on how the term "de facto management body" could be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC resident enterprises, individuals or foreigners.

We do not meet all of the conditions set forth in SAT Circular 82. Therefore, we believe that we should not be treated as a "resident enterprise" for PRC tax purposes even if the standards for "de facto management body" prescribed in the SAT Circular 82 applied to us. For example, certain of our minutes and files of the resolutions of our board of directors and the resolutions of our shareholders are maintained outside the PRC.

However, the PRC tax authorities may take a different view. If the PRC tax authorities determine that our Cayman Islands holding company or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, its or such subsidiarie's world-wide income could be subject to PRC tax at a rate of 25%, which could reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Although dividends paid by one PRC tax resident to another PRC tax resident should qualify as "tax-exempt income" under the enterprise income tax law, dividends paid by our PRC subsidiary to us or any of our Hong Kong subsidiaries could be subject to a 10% withholding tax if we or any of our Hong Kong subsidiaries were treated as a PRC resident enterprise. The PRC foreign exchange control authorities, which enforce the withholding tax on dividends, and the PRC tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes.

If we are treated as a resident enterprise, non-PRC resident ADS holders may also be subject to PRC withholding tax on dividends paid by us and PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares if such income is sourced from within the PRC. The tax would be imposed at the rate of 10% in the case of non-PRC resident enterprise holders and 20% in the case of non-PRC resident individual holders. In the case of dividends, we would be required to withhold the tax at source. Any PRC tax liability may be reduced under applicable tax treaties or similar arrangements, but it is unclear whether our non-PRC resident shareholders company would be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Although our holding company is incorporated in the Cayman Islands, it remains unclear whether dividends received and gains realized by our non-PRC resident ADS holders will be regarded as income from sources within the PRC if we are classified as a PRC resident enterprise. Any such tax will reduce the returns on your investment in our ADSs.

There are uncertainties with respect to indirect transfers of PRC taxable properties outside a public stock exchange.

We face uncertainties on the reporting and consequences on private equity financing transactions, private share transfers and share exchange involving the transfer of shares in our company by non-resident investors. According to the Notice on Several Issues Concerning Enterprise Income Tax for Indirect Share Transfer by Non-PRC Resident Enterprises, or SAT Circular 7, issued by the State Taxation Administration on February 3, 2015, an "indirect transfer" of assets of a PRC resident enterprise, including a transfer of equity interests in a non-PRC holding company of a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable properties, if such transaction lacks reasonable commercial purpose and was undertaken for the purpose of reducing, avoiding or deferring PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and tax filing or withholding obligations may be triggered, depending on the nature of the PRC taxable properties being transferred. According to SAT Circular 7, "PRC taxable properties" include assets of a PRC establishment or place of business, real properties in the PRC, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining if there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable properties; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable properties have a real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable properties; and the tax situation of such indirect transfer outside China and its applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment or place of business of a foreign enterprise, the resulting gain is to be included with the annual enterprise filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to PRC real properties or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Where the payer fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the competent tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. Currently, SAT Circular 7 does not apply to the sale of shares by investors through a public stock exchange where such shares were acquired in a transaction on a public stock exchange.

The PRC tax authorities could, at their discretion, adjust any capital gains and impose tax return filing and withholding or tax payment obligations and associated penalties with respect to any internal restructuring, and our PRC subsidiary may be requested to assist in the filing. Any PRC tax imposed on a transfer of our shares not through a public stock exchange, or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in our company.

Implementation of the labor laws and regulations in China may adversely affect our business and results of operations.

Pursuant to the PRC Labor Contract Law that took effect in January 2008, its implementation rules that took effect in September 2008 and its amendment that took effect in July 2013, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. Due to lack of detailed interpretative rules and uniform implementation practices and broad discretion of the local competent authorities, it is uncertain as to how the PRC Labor Contract Law and its implementation rules will affect our current employment policies and practices. Our employment policies and practices may violate the PRC Labor Contract Law or its implementation rules, and we may thus be subject to related penalties, fines or legal fees. Compliance with the PRC Labor Contract Law and its implementation rules may increase our operating expenses, in particular our personnel expenses. We may, from time to time, optimize our employees' utilization and adjust our employee structure. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may also limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. On October 28, 2010, the SCNPC promulgated the PRC Social Insurance Law, or the Social Insurance Law, which became effective on July 1, 2011 and was amended on December 29, 2018. According to the Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

As the interpretation and implementation of these laws and regulations are still evolving, we cannot assure you that our employment practices will at all times be deemed in full compliance with labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. Although we are committed to mitigating these risks through stringent human resources management protocols with efforts to foster a harmonious and productive work environment, we cannot guarantee that no current or former employee of us will initiate a legal proceeding against us. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees, subject to unfavorable media coverage and reputational harm potentially leading to increased regulatory scrutiny, and subsequently, our business, financial condition and results of operations could be materially and adversely affected.

Further, labor disputes, work stoppages or slowdowns at our company or any of our third-party service providers could significantly disrupt our daily operation and have a material adverse effect on our business.

It may be difficult for overseas regulators to conduct investigations or collect evidence in China.

Shareholder claims or regulatory investigations that are common in the United States (including securities law class actions and fraud claims) are generally difficult to conduct as a matter of law and/or in practice in China. For example, in China, there are significant legal and other obstacles in the process of gathering information needed for regulatory investigations or litigations initiated outside China. Although the governmental authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of a mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator may directly conduct investigations or collect evidence and, without proper authorization as stipulated under Article 177, no entities or individuals may provide documents or materials in connection with securities activities. The Confidentiality and Archives Management Provisions, which took effect on March 31, 2023, provides that the investigation and evidence collection relating to the oversea securities offering and listing of PRC domestic companies by the overseas securities regulatory authorities and other relevant authorities must be conducted through a cross-border cooperation mechanism for supervision and administration, and that the PRC domestic companies must obtain prior consent from the CSRC or other relevant authorities before cooperating with such overseas authorities in connection with the relevant inspections or investigations or providing relevant documents to such overseas securities regulatory authorities or relevant authorities. The inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase the difficulties you face in protecting your interests.

China's M&A Rules and certain other PRC regulations establish complex procedures for certain acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, and other recently adopted regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that impact or may impact national economic security or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, the PRC Anti-monopoly Law promulgated by the SCNPC in 2008 and recently amended in 2022 and the Provisions of the State Council on the Threshold of Filings for Undertaking Concentrations issued by the State Council in 2008 and most recently amended in January 22, 2024 require that transactions which are deemed concentrations and involve parties with specified turnover thresholds (i.e., during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeds RMB12 billion and at least two of these operators each had a turnover of more than RMB800 million within China or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB4 billion, and at least two of these operators each had a turnover of more than RMB800 million within China) must be cleared by the anti-monopoly enforcement authority before they can be completed. On December 14, 2020, the SAMR announced three cases of administrative penalties for the acquirers' failures to make proper concentration declarations to the relevant authorities about their past acquisitions. This is also the first time that the SAMR imposed administrative penalties for declarations on illegal concentrations involved entities structured under a VIE arrangement.

In addition, in 2011, the General Office of the State Council promulgated the Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, also known as Circular 6, which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, the Ministry of Commerce promulgated the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors, effective in 2011, to implement Circular 6. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns and mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises with "national security" concerns. Under the foregoing Ministry of Commerce regulations, the Ministry of Commerce will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If the Ministry of Commerce decides that a specific merger or acquisition is subject to a security review, it will submit it to the Inter-Ministerial Panel, an authority established under Circular 6 led by the NDRC, and the Ministry of Commerce under the leadership of the State Council, to carry out security review. The regulations prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. There is no explicit provision or official interpretation stating that the merging or acquisition of a company engaged in the Internet content or mobile games business requires security review, and there is no requirement that acquisitions completed prior to the promulgation of the Security Review Circular are subject to the Ministry of Commerce review. On December 26, 2019, the State Council issued the Order No. 723, the Implementation Regulations for the PRC Foreign Investment Law, or the Foreign Investment Law Implementation Regulations, which became effective on January 1, 2020. The Foreign Investment Law Implementation Regulations declare that China will establish a foreign investment security review system, and conduct security review for foreign investments which have or may have an adverse impact on national security. In addition, the Ministry of Commerce promulgated the Measures on Reporting of Foreign Investment Information, effective on January 1, 2020, which provides detailed submission requirements for foreign investors. Foreign investors undertaking a merger and acquisition of a non-foreign investment enterprise in China is required to submit an initial report through the enterprise registration system upon completion of amendment registration for the target enterprise.

In December 2020, the NDRC and the Ministry of Commerce promulgated the Measures for the Security Review of Foreign Investment, which came into effect on January 18, 2021. See "Item 4. Information of the Company—4.B. Business Overview—Regulation" for more details. As these measures are relatively new, official guidance has not been issued by the designated office in charge of such security review yet. At this stage, the interpretation of those measures remains unclear in many aspects such as what would constitute "important information technology and Internet services and products" and whether these measures may apply to foreign investment that is implemented or completed before the enactment of these new measures. As our business may be deemed to constitute the foregoing circumstances, we cannot assure you that our current business operations will remain fully compliant, or we can adapt our business operations to new regulatory requirements on a timely basis, or at all.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce or its local counterparts may delay or inhibit our ability to complete such transactions. We believe that it is unlikely that our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the Ministry of Commerce or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiary's ability to increase their registered capital or distribute profits to us or otherwise expose us to liability and penalties under PRC law.

The State Administration of Foreign Exchange, or the SAFE, promulgated the Circular on Relevant Issues Relating to Foreign Exchange Control on Domestic Resident's Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or the SAFE Circular 37, in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015 by the SAFE, as amended in December 2019, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015.

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our PRC subsidiary may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiary. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. However, we may not at all times be fully aware or informed of the identities of all our shareholders or beneficial owners that are required to make such registrations, and we cannot compel our beneficial owners to comply with SAFE registration requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations. Failure by such shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiary, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of our initial public offering to make additional capital contributions or loans to our PRC subsidiary.

We are an offshore holding company conducting our operations in China through our PRC subsidiary, variable interest entities and their subsidiaries. We may make loans to our PRC subsidiary, variable interest entities and their subsidiaries, or we may make additional capital contributions to our PRC subsidiary.

Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiary, including from the proceeds of our initial public offering, are subject to PRC regulations. Capital contributions to our PRC subsidiaries are subject to the approval of or filing with the Ministry of Commerce and the SAMR in its local branches and registration with a local bank authorized by SAFE. There is no statutory limit on the amount of capital contribution that we can make to our PRC subsidiaries. Any medium or long-term loan to be provided by us to the VIEs must be registered with the NDRC and SAFE or its local branches. With respect to loans to the PRC subsidiaries by us, the outstanding amount of the loans shall not exceed the difference between the total investment and the registered capital of the PRC subsidiaries or 250% of the net asset of the relevant PRC subsidiary.

The Circular on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-Invested Enterprises, or SAFE Circular 19, effective as of June 1, 2015, allows foreign invested enterprises, or FIEs, to settle their foreign exchange capital at their discretion, but continues to prohibit FIEs from using the Renminbi fund converted from their foreign exchange capitals for expenditure beyond their business scopes, and also prohibit FIEs from using such Renminbi fund to provide loans to persons other than affiliates unless otherwise permitted under its business scope. As a result, we are required to apply Renminbi funds converted from the net proceeds we received from our initial public offering within the business scopes of our PRC subsidiaries. According to the Circular on Optimizing the Administration of Foreign Exchange to Support the Development of Foreign-related Business issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments using the income under their capital accounts generated from their capital, foreign debt and overseas listing, without providing materials for each transaction evidencing the authenticity in advance, provided that the capital usage is authentic and compliant with the current capital account income usage management regulations. On October 23, 2019, the SAFE issued Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or Circular 28. Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with PRC laws. The interpretation and implementation of Circular 28 in practice are still subject to substantial uncertainties. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Foreign Currency Exchange and Dividend Distribution."

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary registration or obtain the necessary approval on a timely basis, or at all. If we fail to complete the necessary registration or obtain the necessary approval, our ability to make loans or equity contributions to our PRC subsidiary may be negatively affected, which could adversely affect our PRC subsidiary's liquidity and its ability to fund its working capital and expansion projects and meet its obligations and commitments.

Our PRC subsidiary and PRC variable interest entities are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.

We are a holding company incorporated in the Cayman Islands. We rely on dividends from our PRC subsidiary which in turn relies on consulting and other fees paid by the VIEs for our cash and financing requirements, such as the funds necessary to pay dividends and other cash distributions to our shareholders, including holders of our ADSs, and service any debt we may incur. Current PRC regulations permit our PRC subsidiary to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory condition and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, our PRC subsidiary is required to set aside at least 10% of its accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. As of December 31, 2024, we had not made appropriations to statutory reserves as our subsidiary and the VIEs (including their subsidiaries) reported accumulated loss. Furthermore, if our PRC subsidiary, variable interest entities and their subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us, which may restrict our ability to satisfy our liquidity requirements.

In addition, the PRC Enterprise Income Tax Law, and its implementation rules provide that the withholding tax rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are incorporated. As of December 31, 2024, our subsidiary and the VIEs (including their subsidiaries) located in the PRC reported accumulated loss and therefore they could not pay any dividends.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

The value of the RMB against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. In July 2005, the PRC government changed its decades-old policy of pegging the value of the RMB to the U.S. dollar, and the RMB appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the RMB and the U.S. dollar remained within a narrow band. Since June 2010, the RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund (IMF) completed the regular five-year review of the basket of currencies that makes up the Special Drawing Right, or the SDR, and decided that effective October 1, 2016, RMB would be a freely usable currency and would be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the RMB depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. In 2017, the RMB appreciated approximately 6.3% against the U.S. dollar. In 2018 and 2019, however, the RMB depreciated approximately 5.7% and 1% against the U.S. dollar. In 2023 and 2024, the RMB continues to fluctuate against the U.S. dollar. It remains unclear what further fluctuations may occur.

With the development of the foreign exchange market and progress towards interest rate liberalization and RMB internationalization, the PRC government may in the future announce further changes to the exchange rate system and the RMB could appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

There remains significant international pressure on the Chinese government to adopt a flexible currency policy to allow the RMB to appreciate against the U.S. dollar. Significant revaluation of the RMB may have a material adverse effect on your investment. Substantially all of our revenues and costs are denominated in RMB. Any significant revaluation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. To the extent that we need to convert U.S. dollars into RMB for capital expenditures and working capital and other business purposes, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our ADSs, and if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or hedge it at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes control on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. Therefore, our PRC subsidiary is able to pay dividends in foreign currencies to us without prior approval from the SAFE. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. In the meantime, our directors, executive officers and other employees who are PRC citizens or who are non-PRC residents residing in the PRC for a continuous period of not less than one year, subject to limited exceptions, and who have been granted incentive share awards by us, may follow the Circular on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, or the SAFE Circular 7, promulgated by the SAFE in 2012. Pursuant to the SAFE Circular 7, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with the SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted options are subject to these regulations. Failure to complete the SAFE registrations may subject them to fines, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary and limit our PRC subsidiary's ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Foreign Currency Exchange and Dividend Distribution—Stock Option Rules."

The SAT has issued certain circulars concerning equity incentive awards. Under these circulars, our employees working in China who exercise share options or are granted restricted shares or restricted stock units, or RSUs, will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee share options, restricted shares or RSUs with relevant tax authorities and to withhold individual income taxes of those employees. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Foreign Currency Exchange and Dividend Distribution—Stock Option Rules."

Any failure to comply with PRC property laws and relevant regulations regarding our leased property may adversely affect our business and financial condition.

Under PRC laws, all lease agreements are required to be registered with local housing authorities. We lease three premises in China. Landlords of these premises have not registered the relevant lease agreements with the government authorities and some of the premises are sub-leased by authorized lessors. We may be subject to monetary fines due to failure by the landlords to complete the required registrations.

We may also be forced to relocate our operations if the lessors fail to renew their authorization with the landlords. We might not be able to locate desirable alternative sites for our operations in a timely and cost-effective manner which may adversely affect our business.

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements included elsewhere in this annual report.

Our auditor is an independent public accounting firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB. As an auditor of companies traded publicly in the United States, it issues the audit report included elsewhere in this annual report. Our auditor is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in China, a jurisdiction where the PCAOB was historically unable to conduct inspections without the approval of the Chinese authorities before 2022, our auditor had not been inspected by the PCAOB.

The lack of the PCAOB inspections in China in the past prevented the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm, depriving us and investors in our ADSs of the benefits of such PCAOB inspections. The past inability of the PCAOB to conduct inspections of auditors in China made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that were subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Trading in our securities on U.S. markets, including the Nasdaq, may be prohibited under the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act, 2023, or the HFCAA, if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years.

Trading in our securities on U.S. markets, including the Nasdaq, may be prohibited under the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act, 2023, (the "HFCAA") if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years because of a position taken by authorities in a foreign jurisdiction. On December 16, 2021, the PCAOB issued the HFCAA Determination Report to notify the SEC of its determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong (the "2021 Determinations"), including our auditor. On May 26, 2022, we were conclusively identified by the SEC under the HFCAA as having filed audit reports issued by a registered public accounting firm that cannot be inspected or investigated completely by the PCAOB in connection with the filing of our 2021 Form 20-F. The inability of the PCAOB to conduct inspections in the past also deprived our investors of the benefits of such inspections. On December 15, 2022, the PCAOB announced that it was able to conduct inspections and investigations completely of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong in 2022. The PCAOB vacated its previous 2021 Determinations accordingly. As a result, we were not at risk of having our securities subject to a trading prohibition under the HFCAA, unless a new determination is made by the PCAOB.

However, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor's, control, including positions taken by authorities of the PRC. The PCAOB is expected to continue to demand complete access to inspections and investigations against accounting firms headquartered in mainland China and Hong Kong in the future. The PCAOB is required under the HFCAA to make its determination on an annual basis with regards to its ability to inspect and investigate completely accounting firms based in the mainland China and Hong Kong, among other jurisdictions. The possibility of being a "Commission-Identified Issuer" and risk of delisting could continue to adversely affect the trading price of our securities. If the PCAOB determines in the future that it no longer has full access to inspect and investigate accounting firms headquartered in mainland China and Hong Kong and we continue to use such accounting firm to conduct audit work, we would be identified as a "Commission-Identified Issuer" under the HFCAA following the filing of the annual report for the relevant fiscal year, and if we were so identified for two consecutive years, trading in our securities on U.S. markets would be prohibited. If our ADSs are prohibited from trading in the U.S. markets, our ability to raise capital in the U.S. markets would be significantly affected, and there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our ordinary shares or ADSs will develop outside of the U.S.

Proceedings instituted by the SEC against certain PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to be out of compliance with the requirements of the Exchange Act.

In December 2012, the SEC brought administrative proceedings against the PRC-based affiliates of the Big Four accounting firms, including our independent registered public accounting firm, alleging that they had violated U.S. securities laws by failing to provide audit work papers and other documents related to certain other PRC-based companies under investigation by the SEC. On January 22, 2014, an initial administrative law decision was issued, censuring and suspending these accounting firms from practicing before the SEC for a period of six months. The decision was neither final nor legally effective until reviewed and approved by the SEC, and on February 12, 2014, the PRC-based accounting firms appealed this decision with the SEC. In February 2015, each of the four PRC-based accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC. The settlement requires the firms to follow detailed procedures to seek to provide the SEC with access to such firms' audit documents via the CSRC. If the firms do not follow these procedures or if there is a failure in the process between the SEC and the CSRC, the SEC could impose penalties such as suspensions, or it could restart the administrative proceedings.

On February 6, 2015, each of the four China-based accounting firms agreed to a censure and to paid fines to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. Under the terms of the settlement, the underlying proceeding against the four China-based accounting firms was deemed dismissed with prejudice for four years after entry of the settlement. The four-year mark occurred on February 6, 2019. We cannot predict whether the SEC will further challenge the four China-based accounting firms. In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to be out of compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor uncertainty regarding PRC-based, United States-listed companies and the market price of our ADSs may be adversely affected.

If our independent registered public accounting firm was denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined to be out of compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of our ordinary shares from the Nasdaq or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

Risks Related to Our Business and Industry

If we fail to retain our existing users, keep them engaged or further grow our user base, our business, operation, profitability and prospects may be materially and adversely affected.

The size of our user base and the level of our user engagement are critical to our success. Our main monetization strategies—livestreaming, innovative business, advertisement and others depend on our ability to maintain and increase the size of our user base and user engagement level. If our user base becomes smaller or our users become less active due to our strategy to reduce costs and expenses, including but not limited to reduced purchase of tournament copyrights, or reduced engagement or the attempt to enter into non-exclusive agreements with certain top streamers, or due to any other reasons, it is probable that our users would spend less on our virtual gifts, game-related service and jointly operated games or visit our advertisements less frequently, or access our platform less in general. This would in turn drive top streamers away from our platform, discourage companies from purchasing advertisements on our platform and dissuade game developers and publishers from distributing their games through our platform. Our financial condition would suffer from the consequential decline in revenue and our business and operating results would be materially and adversely impacted. Our average mobile MAUs and number of quarterly average paying users decreased year-over-year in 2024. This may have an adverse impact on our operations if we are not able to grow the size of our user base.

As a pioneer player in the industry with solid brand awareness, we are one of China's leading game-centric livestreaming platforms. Maintaining and improving the current size of user base and level of user engagement are critical to our continued success. However, to maintain and improve the size of user base and user engagement, we would have to ensure that we adequately and timely respond to changes in user preferences, attract and retain enough popular streamers, and offer new features and content that may attract new users. There is no guarantee that we could meet all of these goals. Our ability to retain and expand our user base depends on our capacity to livestream popular games and events, failure to do so would have a material adverse impact on our business. A number of factors could negatively affect user retention, growth and engagement, including the following:

- our streamers fail to keep our users engaged on our platform over a long period of time;
- the limited time of our users is distracted by other competitors in live-streaming industry or other entertainment platforms or apps;
- we fail to innovate our communities, user-generated content and our virtual gifts and game-related services that keep our users interested and eager to return to our platform on a regular basis;
- loss of interesting content or top streamers;
- failure to obtain contracts for streaming popular games and related events;
- we are unable to combat spam on or inappropriate or abusive use of our platform, which may lead to negative public perception of us and our brand;
- we suffer from negative publicity, fail to maintain our brand or our reputation is damaged;
- there are adverse changes in our services and content offerings that are mandated, or that we elect to make, to address, market dynamics, legislation, regulations or government policies;
- technical or other problems prevent us from delivering our services in a rapid and reliable manner or otherwise adversely affect the user experience;
- we fail to address user concerns related to privacy and communication, safety, security or other factors; and
- the growth of the number of PC and smartphone users in China stalls.

We may fail to attract, cultivate and retain top streamers, which may materially and negatively affect our user retention and thus our business and operations.

Our registered streamers include certain top streamers, some of whom entered into an exclusive contract with us directly. Our top streamers tend to have large fan bases following them who regularly support these streamers with virtual gifts, and they also tend to attract many integrated promotion activities during livestreaming compared to self-registered streamers. Their charisma and the high-quality content that they create are primary contributors to user stickiness and are hard to replicate with self-registered streamers.

Although we have signed exclusive contracts with some of our top streamers at typically three- to five-year terms that contain non-compete clauses, top streamers may determine to renew the exclusive contracts for shorter term, or they may choose to depart us when their contract period ends (especially in light of the current competitive landscape where more platforms participating in livestreaming industry and our efforts to reduce costs), and their departure may cause a corresponding decline in our user base and revenue. As we attract top streamers from other platforms, we have also been and are currently involved in legal disputes concerning top streamers with competing platforms. Although we are not the primary target of these legal disputes, such streamers may be subject to fines or even injunctions which may render our investment in recruiting them meaningless.On the other hand, some of our top streamers have left us for competing platforms despite still being in a contractual relationship with us which may raise legal disputes. Although we have won some of the legal disputes against these breaching streamers, their departures may still have a negative impact on user retention and reputation. To retain valuable top streamers, we must devise better streamer compensation schemes, improve our monetization capabilities and help the top streamers reach a wider audience. In addition, the contract consideration for top streamers, especially the fixed base fee negotiated several years ago, may be significantly higher than the other streamers. As we continue to focus on improving our operational efficiency, we may not be able to retain or extend contracts with top streamers. As they historically contributed to a significant portion of our revenue and platform's traffic, our strategic decision to improve cost structure may have a negative impact on our financial performance and results of operations.

In terms of streamer cultivation, we cannot guarantee that the performance metrics we use to track promising streamers will enable us to identify future top streamers. Some of the streamers we identify as promising may turn out to be underperforming, and we may also fail to spot truly promising streamers in early stages of their careers. In addition to a waste of resources, either one of these scenarios could prevent us from cultivating top streamers, which could weaken our core competitive strength against competing platforms and thus cause an outflow of users to those platforms.

We may fail to offer attractive content, in particular popular game content, on our platform.

We offer comprehensive livestreaming content with a primary focus on games. Our content library is constantly evolving and growing. Game content has been the key component of our content offerings since our inception. A majority of our streamers were game streamers and game streaming also contributed significantly to the total viewing hours on our platform. In response to viewers' growing interests, we also have expanded our coverage into other entertainment content genres. We actively track viewership growth and community feedback to identify trending content and encourage our streamers and talent agencies to create content that caters to viewers constantly changing tastes. However, if we fail to expand and diversify our content offerings, including but not limited to reduced purchase of tournament copyrights, identify trending and popular genres, or maintain the quality of our content, we may experience decreased viewership and user engagement, which may materially and adversely affect our results of operations and financial conditions. Our content offerings are primarily attributable to our top streamers. If we fail to retain our top streamers, this may have a negative impact on our ability to generate contact coverage as well. Our content offerings may be mandated to, or we may voluntarily elect to, curtail our content offerings, to address market dynamics, legislation, regulations or government policies, which our viewers may find less attractive.

In addition, we largely rely on our streamers to create high-quality and fun livestreaming content. We have in place a comprehensive and effective incentive mechanism to encourage streamers and talent agencies to supply content that is attractive to our viewers. Also, talent agencies cooperating with us may guide or influence streamers to livestream content that is well received by our viewers. However, if we fail to observe the latest trends and timely guide streamers and talent agencies accordingly, or fail to attract streamers who are capable of creating content based on popular games, or if streamers fail to produce content for trending games, our viewer numbers may decline and our financial condition and results of operations may be materially and adversely affected.

Enhanced regulatory oversight and regulatory investigations could cause us to incur additional expenses or change our business practices in a manner materially adverse to our business.

The regulation of the live-streaming industry in the PRC is continuously evolving, which can at times result in sustained periods of enhanced oversight and/or enforcement of content censorship, cybersecurity reviews, user privacy compliance, and internet financial services or viritual currencies. We may become subject to regulatory review, inspections, investigations or audits from time to time in connection with content streamed or posted on our platform by third parties, products or services we provide or for information or content displayed on, retrieved from or linked to our platform, or distributed to our users. During and/or as a result of such reviews, some or all of our products, services, features or functionalities could be terminated, and our apps could be removed from relevant app stores. In May 2023, the Hubei provincial branch of the CAC conducted a one-month on-site inspection of the Company's content platform due to certain alleged violations of content rules and regulations on its platform, which the Company fully cooperated with. Upon the completion of the CAC inspection and the Company's internal review, the Company completed the required remediation in all respects including but not limited to further optimizing its content monitoring system and strengthening employee training under the direction and supervision of the CAC working group. We cannot guarantee that we will not subject to similar inspections, reviews, investigations or audit in the future, which may divert management attention, result in fines, penalties, liabilities or other remedial measures, or negatively impact our business and results of operations. It is also possible that a regulatory review could result in changes to our policies or practices, result in reputational harm, prevent us from offering certain products, services, features or functionalities, cause us to incur substantial costs, or require us to change our business practices in a manner materially averse to our business.

In addition, PRC laws and regulations are subject to interpretation by the relevant authorities, and we may be subject to uncertainties around the interpretation and enforcement of the PRC laws and regulations that are applicable to our business and industry, such as those related to virtual currency. As a result, we may remove, limit or modify the rules of the relevant activities on our platform from time to time to adapt to the changing regulatory trends, which could cause us to incur additional expenses or change our business practices in a manner materially adverse to our business. It was reported that certain streamers on our platforms were convicted of criminal offenses allegedly related to illegal gambling activities by taking advantages of certain of our platform features against our user rules and requirements. It was reported that they initiated lucky draws during their streaming sessions and then repurchased gifts from or rewarded cash, to winning users offline, in order to attract and incentivize users to participate in the lucky draw on our platform, in violation of the rule and policy of our platform. Such activities are explicitly forbidden by our platform. We have blocked these streamers' accounts after we became aware of those incidents, but such similar incidents and related media coverage may still adversely affect our business and reputation. If our platform is deemed to be engaged in or facilitate certain illegal or inappropriate activities, we may need to remove such activities permanently, or modify rules for such activities that could make them less attractive, or even be subject to fines, penalties, criminal or civil liabilities or other remedial measures, which may have an adverse impact on our business, results of operation and reputation. For details of the risks related to the restrictions on virtual currency, see "—Restrictions on virtual currency may adversely affect our revenues, business and reputation." Certain of our other streamers have been subject to, and may continue to be subject to investigations, legal proceedings or regulatory reviews due to the content they posted on our platform, or transactions they conducted through our platform that are against our policies, or their personal misconduct or behaviors. For details, see "— We have limited control over third parties who use our platform and our content monitoring system may not be effective in preventing misconduct by our platform users and misuse of our platform and such misconduct or misuse may materially and adversely impact our brand image, business and operating results."

In light of the enhanced regulatory oversight, we or our senior management have also been subject to allegations by third parties or purported former employees, negative Internet postings and other adverse public exposure on our business and operations. We, our streamers, and/or our senior management may be subject to government or regulatory investigation or other proceedings as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we or our senior management will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. On November 22, 2023, the Chengdu police made a public announcement stating that Mr. Shaojie Chen, the CEO and the Chairman of the Board of the Company, was arrested on suspicion of setting up casinos. Accordingly, on November 24, 2023, the Company promptly formed an interim management committee to manage the Company's operations until the appointment of Co-CEO in January 2025. As of the date of this annual report, Mr Shaojie Chen's case remains ongoing. The court has not yet scheduled a hearing and the final judgement has not been made. For details, see "— Our business depends substantially on the continuing efforts of our executive officers, key employees and qualified personnel, and our business may be adversely and negatively impacted if we lose their services."

If we fail to operate our business efficiently, our brand, business and results of operations may be materially and adversely affected.

We historically experienced a period of significant growth and expansion. However, our historical performance may not be indicative of our future growth or financial results. For example, we have experienced a decrease in our average mobile MAUs and number of quarterly average paying users during recent five years. We have also been proactively managing our business to accommodate our long term strategy of building a healthy and sustainable game-centric community ecosystem in a more cost-effective manner. As part of these efforts, we have been adjusting and reducing the costs of streamers' compensation and tournament copyrights, shifting our attention towards optimizing our streamer structure, and cultivating paying users who exhibit stronger user stickiness and a willingness to pay. This has resulted in a reduction in our revenue, as well as our marketing and promotional activities for new user acquisition. Even though we expect these initiatives continue to have negative impacts to our revenue in the near future, we believe by fostering a healthy ecosystem with sustainable user behavior and focusing on live-streaming activities with high operating efficiencies, we can strengthen the long-term viability and stability of our operations, which in turn will contribute to our healthy growth. Meanwhile, we are also proactively developing innovative business, including voice-based social networking services, to diversify our revenue streams. However, these strategies may not produce the long-term benefits that we expect, in which case our user growth and engagement, as well as our business, financial condition and results of operations could be materially and adversely affected.

In addition, to manage our growth and maintain profitability, we expect our costs and expenses may fluctuate in the future as we anticipate that we will need to continue to implement, from time to time, a variety of new and adapted operational, informational and financial systems, procedures and controls on an as-needed basis, including the continued improvement of our accounting and other internal management systems. We may also need to train, manage and motivate our workforce and manage our relationships with viewers and streamers, game developers and publishers, advertisers and other business partners. All of these endeavors involve risks and will require substantial management efforts and skills and additional expenditures. Managing our growth may also require significant expenditures and the allocation of valuable management resources. If we fail to achieve the necessary level of efficiency in our organization as we grow, our business, operating results and financial condition could be harmed.

We have incurred net losses since inception, and we may continue to incur losses in the future.

We have incurred significant accumulated net losses to date. Although experiencing net incomes since 2019, we may not generate sufficient revenues to offset such costs to achieve or sustain profitability in the future. We incurred net loss of RMB90.4 million in 2022, net gain of RMB35.5 million in 2023, and net loss of RMB306.8 million (US$42.0 million) in 2024. We have generated gross profit since 2018, and this may not translate into continued net after-tax profit. The time it will take for us to eventually achieve profitability hinges on our ability to grow rapidly in a cost-effective way, and we may not be able to grow this way successfully.

While our future revenue growth will be linked with the realization of our monetization strategies, which will be affected by user engagement, streamer retention and product offering, our cost-effective growth will primarily rely on improvement of operational efficiency. We may not be able to improve our operational efficiency in the future, or our operational efficiency improvement may not reach a sufficient level to generate profitability. Our ability to continue to improve operational efficiency will depend on our ability to maintain stronger bargaining positions in contract negotiations with top streamers, streamline our operation, achieve economies of scale and employ more advanced streaming technologies at lower cost, among other things. Additionally, our ability to achieve profitability is affected by various external factors, many of which are beyond our control, such as the PC and mobile games market in China, and the development of social networking, livestreaming services and mobile marketing services. We cannot assure you that we will be able to improve our operational efficiency in the future.

We may again incur losses in the near future due to our significant costs and expenses in services, content, technologies, research and development and sales and marketing initiatives in light of our reduction in our revenue scale. Changes in the macroeconomic and regulatory environment or competitive dynamics and our inability to respond to these changes in a timely and effective manner may also impact our profitability. Accordingly, we cannot assure you that our company will turn profitable in the short term just because we have made substantial investments in various areas.

The changes in our business strategies and offerings may make it difficult to evaluate our future prospects.

After achieving substantial scale through our initial investments in user acquisition and experience, we have been proactively managing our growth to accommodate our strategy of building a healthy and sustainable game-centric community ecosystem in a more cost-effective manner. As part of our efforts, we have strategically adjusted our streamer contract model to a combination of exclusive contract model and cross-platform content co-creation model. On the one hand, we enter into exclusive contracts with our top streamers whose performances meet our standards to ensure a consistent supply of quality content. Specifically, we will periodically review and prudently renew the tournament copyright contracts that are aligned with our evolving business needs. On April 25, 2023, Wuhan Ouyue entered into a License Agreement for Broadcasting League of Legends Matches with Tengjing Sports & Culture Development (Shanghai) Co., Ltd., ("Tengjing") under which we purchased a non-exclusive license for broadcasting games during the period from 2023 to 2025 for a total consideration of RMB450 million (the "Contract"). In light of our business shifts, we are currently in discussions with Tengjing to amend or early terminate the Contract. On the other hand, we also take an initiative to deploy a cross-platform content co-creation model, where certain of our streamers will collaborate with other live-streaming platforms to co-develop quality content (and vice versa for the streamers of other live-streaming platforms). In addition, despite being one of the first game-centric livestreaming platforms to make the foray into eSports, we have strategically expanded our content coverage beyond eSports and now mainly covers eSports, music, outdoor activities, and talent shows to adapt to users' evolving needs. We believe by fostering a healthy ecosystem with high operating efficiencies through these strategic shifts, we are able to manage our growth in a more cost-effective manner.

The significant changes in our business strategies and offerings not only rendered our historical results no longer indicative of our future performance, they may also have some or all of the following unintended effects:

- Despite our efforts in improving our net profit position, we may not be able to achieve net profits in a timely manner, or at all;
- Some users, streamers and business partners may not perceive the changes in our business strategies and offerings in a positive manner, and relationships with these parties may be jeopardized;
- Our new offerings and initiatives may not be accepted by our users as we expect;
- Our new offerings and initiatives may not attract users or generate the revenue required to succeed;
- The underlying assumptions and estimates about our new businesses and the new markets that we attempt to enter into may prove incorrect, which may cause our actual results of operations to fall short of our expectations;
- Expenses will be incurred in the implementation of the new business strategies, which could be substantial; and
- The changes in organizational structure that will be required to support the changes in our business strategies and offerings may lead to dissatisfaction among employees which could make it more difficult for us to retain key employees.

If we are unable to successfully address these risks and uncertainties, our business, financial condition and results of operations could be materially and adversely affected.

Our business may suffer if we fail to successfully implement our monetization strategies.

Our monetization model is constantly evolving. Our streaming platform is free to access, and we generate revenues primarily from livestreaming, innovative business and advertisement. As a result, our revenue is affected by our ability to increase user engagement and convert non-paying users into paying users, which in turn depends on our ability to retain top streamers, as well as our ability to offer content, virtual gifts, game-related services, advertisements and other services. In 2022, 2023 and 2024, we generated RMB6,797.3 million, RMB4,799.0 million and RMB3,073.9 million (US$421.1 million) from livestreaming, representing 95.6%, 86.8% and 72.0% of our total revenues for the same period. We also generate a sizeable portion of our revenues from providing innovative business, advertisement and other services on our platform. In 2022, 2023 and 2024, we generated RMB310.9 million, RMB731.4 million and RMB1,196.9 million (US$164.0 million) from innovative business, advertisements and others, representing 4.4%, 13.2% and 28.0% of our total revenues for the same period. We also generate a small portion of our revenue from game distribution, which involves revenue-sharing arrangements with game developers and publishers. If we are not successful in enhancing our ability to monetize our existing services or developing new approaches to monetization, we may not be able to maintain or increase our revenues and profits or recover any associated costs. We monitor market developments and may adjust our monetization strategies accordingly from time to time, which may result in decreases of our overall revenue or revenue contributions from some monetization channels. In addition, we may in the future introduce new services to diversify our revenue streams, including services with which we have little or no prior development or operating experience. If these new or enhanced services fail to engage customers or platform partners, we may fail to generate sufficient revenues to justify our investments, and our business and operating results may suffer as a result.

We have limited control over third parties who use our platform and our content monitoring system may not be effective in preventing misconduct by our platform users and misuse of our platform and such misconduct or misuse may materially and adversely impact our brand image, business and operating results.

We provide real-time streaming and voice-based social networking services. Because we do not have full control over how users will use our platform to post content, communicate or transact with each other, our platform may be misused by individuals or groups of individuals to engage in immoral, disrespectful, fraudulent or illegal activities. For example, we must detect accounts, through which illegal or inappropriate content is streamed or posted and illegal or fraudulent activities are conducted, on a timely basis. Media reports and Internet forums have covered some of these incidents which have, in some cases, generated negative publicity about our platform and brand. We have implemented control procedures to detect and block illegal or inappropriate content and illegal or fraudulent activities conducted through the misuse of our platform, but such procedures may not prevent all such content from being broadcasted or posted or activities from being carried out. Moreover, as we have limited control over real-time and offline behavior of our users, to the extent such behavior is associated with our platform, our ability to protect our brand image and reputation may be limited. Our business and the public perception of our brand may be materially and adversely affected by misuse of our platform.

In addition, if any of our users suffers or alleges to have suffered physical, financial or emotional harm following contact initiated on our platform or after watching, hearing or participating in illegal or inappropriate content that our content monitoring system failed to filter out, we may face civil lawsuits or other liabilities initiated by the affected user, or governmental or regulatory actions against us. In response to allegations of illegal or inappropriate activities conducted through our platform or any negative media coverage about us, PRC government authorities may intervene and hold us liable for noncompliance with PRC laws and regulations concerning the dissemination of information on the Internet and subject us to administrative penalties or other sanctions, such as requiring us to restrict or discontinue some of the features and services provided on our website and mobile application, or even revoke our licenses or permits to provide Internet content service. We endeavor to ensure that all users are in compliance with relevant regulations, but we cannot guarantee that all users will comply with all the PRC laws and regulations in all aspects. Therefore, our livestreaming service may be subject to investigations or subsequent fines, penalties, liabilities or other remedial measures if content displayed on our platform is deemed to be illegal or inappropriate under PRC laws and regulations. Furthermore, certain of our users have been subject to, and may continue to be subject to investigations, legal proceedings or regulatory reviews due to the content they posted on our platform, or transactions they conducted through our platform that are against our policies, or their personal misconduct or behaviors, which might impact their ability to stream on our platform, or result in fines, penalties, liabilities or other remedial measures imposed on our platform, which could have an adverse effect on our business and results of operations. For example, we have historically made voluntary payments to such investigations by relevant government authorities against certain third-party streamers for their historical illegal activities against our platform policies. We believe such investigations, legal proceedings or any other governmental actions, with or without merits, may divert significant management time, attention and financial resources, bring negative publicity, and materially and adversely affect our financial conditions, results of operations, and business prospects.We also cannot guarantee that there will not be future investigations, legal proceedings or regulatory reviews of streamers or other users on our platform, which might adversely affect our operations. In addition, if our top streamers or hosts (for our voice-based social networking services) violate the policy of our platform to conduct any illegal or inappropriate behavior on our platform or in private, we may be required to block the account of such top streamers or hosts. As a result, our business may suffer and our user base, revenues and profitability may be materially and adversely affected.

Our limited operating history in a rapidly evolving market makes it difficult to evaluate our business and growth prospects.

Our business operations commenced in 2014, with commercialization beginning midway through 2015. We started the operations of our innovative business in the first half of 2023, which has a significantly shorter history. Although we have historically experienced growth in the number of active and paying users, we have experienced a decrease since 2022. However, our growth in the past may not be indicative of our future performance, as our operating results represent a limited-size sample of operational results and may be hard to repeat in the future.

Many of the elements of our business are constantly evolving, including our own strategies. The markets for our livestreaming platform and the related products and services are rapidly developing and are subject to significant challenges, especially in terms of maintaining and attracting active users, converting non-paying users to paying users, maintaining a stable paying user base and attracting new paying users. Our business plan relies heavily upon an expanding user base and the resulting increased revenue from livestreaming, innovative business and advertisement, as well as our ability to capitalize on the game industry and explore other monetization avenues. We may not succeed in any of these aspects.

As the livestreaming industry in China is rapidly developing, there are few proven methods of projecting user demand or available industry standards on which we can rely. Some of our current monetization methods are also in a relatively evolving stage. For example, if we fail to properly manage the volume and price of our virtual gifts, our users may be less likely to purchase them. We cannot assure you that our attempts to monetize our viewers and streamers will continue to be successful, profitable or accepted, and therefore the income potential of our business is difficult to gauge.

Our growth prospects should be considered in light of the risks and uncertainties that fast-growing early-stage companies with limited operating histories in evolving industries may encounter, including, among others, risks and uncertainties regarding our ability to:

- develop new virtual gifts, game-related services that are appealing to users;
- develop new advertisement formats that are appealing to advertising partners;
- maintain stable relationships with game developers and publishers; and
- expand to new geographic markets with good game environment and high growth potential.

Addressing these risks and uncertainties will require significant capital expenditures and allocation of valuable management and employee resources. If we fail to successfully address any of the above risks and uncertainties, the size of our user base, our revenue and operating margin may decline.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases.

Our business could be adversely affected by natural disasters or outbreaks of epidemics. These natural disasters, outbreaks of contagious diseases, and other adverse public health developments in China or any other market in which we operate and conduct business could severely disrupt our business operations by damaging our network infrastructure or information technology system or affecting the productivity of our workforce. The outbreak of any severe epidemic disease, such as avian flu, H1N1 flu, SARS or COVID-19, may disrupt our operations, which could negatively affect our financial condition and business prospects.

In our market, we mainly compete with other established streaming platforms and other entertainment mediums. If we are unable to compete effectively, our business and operating results may be materially and adversely affected.

Since running a successful livestreaming platform requires intensive capital outlay and a large team of quality streamers, who remain in short supply due to the fact that most have signed contracts with existing platforms, there are entry barriers for our industry. As a result, our major competitors are streaming platforms with an established presence in the industry, as well as other short or medium video platforms, social media platforms and other online entertainment platforms. While such competition may only come from a few established players instead of many newcomers, competition remains intense. As it is unlikely that users will spend their time for entertainment on two platforms at once, and certain of top streamers sign exclusive contracts with only one platform, we compete mainly for user traffic and top streamers. If we are not able to effectively compete with other platforms, our overall user base and level of user engagement may decrease, which may result in loss of top streamers to other platforms. Such loss may also lead to fewer paying users and make us less attractive to advertisers and game developers and publishers, which may adversely affect our monetization success.

To better compete with other platforms which may have more cash, traffic, technological advantages, top streamers, business networks and other resources than we do, we may be required to spend additional resources, which may adversely affect our profitability. Furthermore, if we are involved in disputes with any of our competitors that result in negative publicity for us, such disputes, regardless of their veracity or outcome, may harm our reputation or brand image and in turn lead to reduced numbers of viewers and streamers. Our competitors may unilaterally decide to adopt a wide range of measures targeted at us, including approaching our top streamers or even attacking our platform. Any legal proceedings or measures we take in response to competition and disputes with our competitors may be expensive, time-consuming and disruptive to our operations and divert our management's attention.

We believe that our ability to compete effectively depends upon many factors both within and beyond our control, including:

- the popularity, usefulness, ease of use, performance and reliability of our services compared to those of our competitors, and our research and development abilities relative to our competitors;
- changes mandated, or that we elect to make, to address, market dynamics, legislation, regulations or government policies, some of which may have a disproportionate effect on us;
- acquisitions or consolidation within our industry, which may result in more formidable competitors; and
- our reputation and brand strength relative to our competitors.

In addition, our users have a vast array of entertainment choices. Other forms of entertainment, such as other online video and audio services including video platforms, social networking, traditional PC and console games, as well as more traditional mediums such as television, movies and sports spectating, are much more well-established in mature markets and may be perceived by our users to offer greater variety, affordability, interactivity and enjoyment. Our platform competes against these other forms of entertainment for the discretionary time and spending of our users. If we are unable to sustain sufficient interest in our platform in comparison to other forms of entertainment, including new forms of entertainment that may emerge in the future, our business model may no longer be viable.

Our revenue growth is heavily dependent on paying users and revenue per paying user. If we fail to continue to grow or maintain our paying users and continue to increase revenue per paying user, our livestreaming and other revenue may not increase, which may materially and adversely affect our business operation and financial results.

Our annual paying user base was 10.1 million in 2023 and 6.1 million in 2024. Whether we can increase the number of our paying users depends on many factors, including internal factors such as changes in our operational strategy and external factors that are out of our control. For example, our paying users may have less disposable income as they need to meet financial obligations elsewhere, they may decide to no longer support a particular streamer that they used to follow financially, and overall worsening economic conditions can lower disposable income for all existing paying users, causing them to spend less on our platform. We expect that our business will continue to be heavily dependent on revenue collected from paying users in the near future.

We have significant reliance on revenues from virtual gift sales. Any limitation imposed by PRC authorities on the sale, exchange or circulation of virtual gifts in the future may reduce the virtual gift payments our users make to streamers, which is critical to our business and results of operations. In November 2020, the NRTA, promulgated the Notice on Strengthening the Management of Online Show Livestreaming and E-commerce Livestreaming, or Notice 78, which requires the livestreaming platform to set a limit on the maximum amount of virtual gifting per time, per day, and per month. On February 9, 2021, the CAC, the National Office of Anti-Pornography and Illegal Publication, the MIIT, the Ministry of Public Security, the MCT, the SAMR, and the NRTA jointly issued the Guidance Opinions on the Strengthening the Regulation and Management Work of Internet Streaming, or the 2021 Streaming Guidance Opinions. Pursuant to the 2021 Streaming Guidance Opinions, Internet streaming platforms should set up appropriate caps on the maximum purchase price for each piece of virtual gift and maximum value of virtual gifts that the users may give to the streamers each time, and should notify the users who reach the daily cap of giving virtual gifts. Internet streaming platforms are further required, if necessary, to set up a cooling-off period and a delayed-fund-transfer system for giving virtual gifts, and are required to implement a tiered and classified management system over the streamers in which different maximum values of a virtual gift to be received by streamers in one streaming session shall be established differently in accordance with the tiers and classes that the streamers belong to. Notice 78 and the 2021 Streaming Guidance Opinions are silent on the specific amount of such caps. As the Notice 78 and the 2021 Streaming Guidance Opinions are relatively new and pending further interpretation and implementation, we are still in the process of waiting for further guidance from regulatory authorities and evaluating the applicability and effect of the various requirements under Notice 78 and the 2021 Streaming Guidance Opinions. Stricter limitations on giving virtual gifts may restrict our users' ability to give virtual gifts to streamers, and result in decline in the number of paying users, so our results of financials and operations may be materially and adversely affected. See "—Our business may suffer if we fail to successfully implement our monetization strategies."

In particular, we have experienced a decrease in our number of quarterly average paying users. We have also been proactively managing our growth to accommodate our strategy of building a healthy and sustainable game-centric community ecosystem in a more cost-effective manner. As part of our efforts, we have strategically adjusted our streamer contract model to a combination of exclusive contract model and cross-platform content co-creation model. We will also periodically review and prudently renew the tournament copyright contracts that are aligned with our evolving business needs, and as a result, we may not renew certain of our tournament copyright contracts in light of our business shifts. Even though we expect these strategic adjustments to have negative impacts to our revenue in the near future, we believe by focusing on live-streaming activities with high operating efficiencies, we can strengthen the long-term viability and stability of our operations, which in turn will contribute to our healthy growth. However, this strategy may not produce the long-term benefits that we expect, in which case our user growth and engagement, as well as our business, financial condition and results of operations could be materially and adversely affected.

We generate a portion of our revenues from innovative business, advertisement and others. If we fail to maintain or grow the revenue from our innovative business, advertisement and others, our financial results may be adversely affected.

In 2024, we generated revenue of RMB1,015.9 million (US$139.2 million) from our innovative business, representing 23.8% of our total revenues. In 2022, 2023 and 2024, we generated RMB310.9 million, RMB731.4 million and RMB181.0 million (US$24.8 million) from the sale of advertisements and others, representing 4.4%, 13.2% and 4.2% of our total revenues for the same period. If we fail to maintain or grow our revenue from our innovative business, advertisement and others, our financial results could be adversely affected.

We started the operations of our innovative business in the first half of 2023, which currently consists of voice-based social networking services and game related services. In particular, we monetize voice-based social networking service through sales of virtual gifts, and to a lesser extent, subscription-based membership services and virtual customization options, through a separate app. If we fail to attract more users and/or hosts to use our voice-based social networking services, or maintain the user traffic and engagement level on the seperate app, or due to any other factors that may be beyond our control, our revenue generated from voice-based social networking services could be materially and adversely affected. In addition, we generate revenue from game-related services primarily through game-specific memberships. If we fail to maintain or increase user traffic and engagement level, or our game-related content becomes less attractive to our users, particularly our paying users, or due to any other factors that may be beyond our control, our revenue generated from game-related services could be materially and adversely affected. Given that the innovative business is relatively new, and that we have limited experience conducting our innovative business, we cannot assure you that we will be able to effectively manage the growth of our innovative business or such business initiatives will not be executed successfully, or if at all. If we are not able to manage the growth of our innovative business or execute such business initiatives successfully, our business expansion may not be successful and our business, financial condition and results of operations could be materially and adversely affected.

For us to maintain or grow our advertisement revenue, we need to attract more users and advertisers to our platforms with our increased user traffic and engagement level, or offer more variety in terms of advertisement products that encourage more spending from advertisers. We offer (i) integrated promotion activities during livestreaming, (ii) advertisement display and (iii) online and offline events-related advertisements. We may need to introduce more promotion activities to maintain our revenues from advertisement, and failure to do so may adversely impact our advertisement revenue. In addition, traditional display advertisements are subject to time and space restrictions, especially when displayed on mobile devices which have become popular among our users. As a result, our business and results of operations may be adversely impacted.

Advertisement revenue is also affected by the online advertising industry in China and advertisers' allocation of budgets to internet advertising and promotion. Companies that decide to advertise or promote online may utilize more established methods or channels for online advertising and promotion, such as more established Chinese internet portals or search engines, over advertising and promotion on our platforms. If the online advertising market size does not increase from current levels, or if we are unable to capture and retain a sufficient share of that market, our ability to maintain or increase our current level of advertisement revenue and our profitability and prospects could be adversely affected.

If we fail to obtain or maintain the required licenses and approvals or if we fail to comply with laws and regulations applicable to our industry, our business, financial condition and results of operations may be materially and adversely affected.

The internet industry in China is highly regulated, which requires certain licenses, permits, filings and approvals to conduct and develop business. Currently, we have obtained the following valid licenses through our PRC variable interest entities: Value-added Telecommunication Business License for provision of internet information services, or the ICP License, Online Culture Business License for operating online culture products, Commercial Performance License for providing streamer agency services, License for Online Transmission of Audio-visual Programs for providing online streaming of video and License for Production and Operation of Radio and Television Programs for producing radio and television programs.

Due to the uncertainties of interpretation and implementation of existing and future laws and regulations, the licenses we held may be deemed insufficient by governmental authorities, which may restrain our ability to expand our business scope and may subject us to fines or other regulatory actions by relevant regulators if our practice is deemed as violating relevant laws and regulations. As we develop and expand our business scope, we may need to obtain additional qualifications, permits, approvals or licenses, or to complete filings or assessments as required by the relevant laws and regulations. Moreover, we may be required to obtain additional licenses or approvals if the PRC government adopts more stringent policies or regulations for our industry.

For example, according to the Administrative Provisions for Audio/Video Programs Services through Internet, or the Audio/Video Measures, which was promulgated by the State Administration for Radio, Film and Television, or the SARFT (subsequently known as the State Administration of Press, Publication, Radio, Film and Television, or the SAPPRFT, and currently known as National Radio and Television Administration, or the NRTA), which came into effect on January 31, 2008, and was amended on August 28, 2015, to engage in the business of transmitting audio/video programs, a License for Online Transmission of Audio-visual Programs is required. We have obtained the License for Online Transmission of Audio-visual Programs for offering live video programs on our platforms. Further, the License for Online Transmission of Audio-visual Programs is subject to periodical renewal. Although we have successfully renewed it in the past, there is no guarantee that we will be able to continue to do so in the future. We may not be able to continue to hold the License for Online Transmission of Audio-visual Programs. The scope specified in our License for Online Transmission of Audio-visual Programs may not be able to cover all the needs that arise or will arise in our operations from time to time, and we may not be able to expand the scope of our License for Online Transmission of Audio-visual Programs under the current regulatory regime as we are not a wholly state-owned or state-controlled entity as required for holding such license under PRC laws. Failure to expand the scope of our current License for Online Transmission of Audio-visual Programs or to continue to hold such license may result in fines or other penalties being imposed on us, which may adversely affect our business. In addition, for the purpose of providing internet audio/video program service, we have adopted and will adopt various operating strategies and measures. Due to the uncertainties of interpretation and application of pertinent laws by the government authority, such strategies and measures may be challenged under PRC laws and regulations and if so, we may be subject to fines, confiscation-of-income related or other penalties and, in certain circumstances, suspension or revocation of the license, which may materially and adversely affect our business. Further, we provide voice-based social networking services. We cannot assure you that the scope of our acquired approvals, licenses and permits is sufficient for our current business. We may be subject to fines, confiscation of illegal gains, revocation of our license, suspension of our operations of relevant business or other penalties, any of which could materially and adversely affect our business, financial condition and results of operations.

In addition, publishing and the commercial launch of domestic online games is subject to the pre-approval by the National Press and Publication Administration, or the NPPA. The NPPA suspended such permission from March to December 2018 and has since restored it. Such suspension caused significant delays in the approval of the online games in the Chinese market. As a result, game publishers may not be able to obtain approval or make timely filings with the NPPA for their online games or at all. In December 2019, the Department of Law Enforcement of the Ministry of Culture and Tourism further published a circular reiterating that online games streamed or operated by livestreaming platforms shall also obtain requisite pre-approvals from the NPPA. In March 2021, the National Municipal Office of Anti-Pornography and Illegal Publication and the NPPA jointly launched the “New Trend 2021” campaign , reiterating that a livestreaming platform shall not stream online games which have not obtained the approval from the NPPA. The “Cleaning Up the Internet” campaigns launched by the relevant authorities have also inspected and imposed penalties in connection with livestreaming of non-approved online games. On April 12, 2022, the Online Audio-visual Program Management Department of NRTA and the Publishing Bureau of the Central Propaganda Department jointly issued the Notice on Strengthening the Management of Livestreaming of Online Games on the Online Audio-visual Program Platforms, which reiterates that online audio-visual program platforms, including live streaming platforms are prohibited from disseminating illegal games on audio-visual program platforms, streaming online games that have not been approved by the competent authorities and using livestreaming rooms and other forms to drive traffic for the illegal game content on various platforms. Although the game publishers are responsible for obtaining the required approvals, filings or permits for these online games streamed or operated on our platform, we may still be subject to fines, confiscation of income from these games, suspension of operations, revocation of licenses and other penalties due to game publishers’ failure to obtain such approvals, filings or permits, which could materially and adversely affect our business and results of operations.

As the internet industry in China is still at a relatively early stage of development, new laws and regulations may be adopted from time to time to address new issues that come to the authorities’ attention. It is uncertain how these laws and regulations would affect our business activities. We could be found in violation of any future laws and regulations or any of the laws or regulations currently in effect due to changes in the relevant laws and regulations. See “—We may be materially and adversely affected by the complexity, uncertainties and changes in PRC regulation of the Internet industry and companies.”

As of the date of this annual report, we have not received any material penalties from the relevant government authorities for our past operations. We cannot assure you, however, that the government authorities will not do so in the future. In addition, we may be required to obtain additional license or permits, or complete filings or assessments, and we cannot assure you that we will be able to timely obtain or maintain all the required licenses or permits or make all the necessary filings or assessments in the future. If we fail to obtain, hold or maintain any of the required licenses or permits or make the necessary filings or assessments on time or at all, we may be subject to various penalties such as confiscation of the net revenues that were generated through the unlicensed activities, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our operations and materially and adversely affect our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims or other allegations by third parties for information or content displayed on, retrieved from or linked to our platform, or distributed to our users, or for proprietary information appropriated by former employees, which may materially and adversely affect our business, financial condition and prospects.

We have been and may, in the future, be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to, recorded, stored or made accessible on our platform, or otherwise distributed to our users, including in connection with the music, movies, video and games played, recorded, stored or made accessible on our platform, which may materially and adversely affect our business, financial condition and prospects.

Under our agreements with top streamers, we obtain the license for the intellectual property arising from their livestreaming on our platform. We have implemented internal control measures to ensure that the design of our platform and the content that is streamed on it does not infringe on valid intellectual property, such as patents and copyrights held by third parties. We also license certain intellectual properties from third parties to implement certain functions available on our platform.

However, companies in the internet, technology and media industries are frequently involved in litigation based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties' rights. In China, the validity, enforceability and scope of protection of intellectual property rights in internet-related industries, especially in our evolving livestreaming industry, are uncertain and still evolving. We face, from time to time, and expect to face in the future, allegations that we have featured pirated or illegally downloaded music and movies on our platform, and that we have infringed on the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. Some of the game streaming on our platform may be alleged to infringe on the copyright on works of literature and art of a game of the game producers, which may also constitute an unfair competition claim. As we face increasing competition and as litigation becomes a more common method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims or other legal proceedings.

We allow streamers to upload text, graphics, audio, video and other content to our platform and users to download, share, link to and otherwise access games and other content on our platform and we also upload high-quality video clips recorded and restored from selective livestreaming content. Under applicable PRC laws and regulations, online service providers, which provide storage space for users to upload works or links to other services or content, could be held liable for copyright infringement under various circumstances, including situations where the online service provider knows or should reasonably have known that the relevant content uploaded or linked to on its platform infringes upon the copyright of others and the online service provider failed to take necessary actions to prevent such infringement. We have procedures implemented to reduce the likelihood that content might be used without proper licenses or third-party consents. However, these procedures may not be effective in preventing the unauthorized posting or distribution of copyrighted content and we may be considered as failing to take necessary actions against such infringement. Therefore, we may face liability for copyright or trademark infringement, defamation, unfair competition, libel, negligence and other claims based on the nature and content of the materials that are delivered, shared or otherwise accessed through our platform.

Certain of our employees were previously employed at other peer companies, including our current and potential competitors. To the extent that these employees are involved in the development of content or technology similar to ours at their former employers, we may become subject to claims that such employees, or we, may have appropriated proprietary information or intellectual properties of the former employers of our employees. If we fail to successfully defend such claims, our results of operations may be materially and adversely affected.

Defending claims is costly and can impose a significant burden on our management and employees, and there can be no assurances that favorable final outcomes will be obtained in all cases. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our platform to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and prospects.

We may be held liable for information or content displayed on, retrieved from or linked to our platform, or distributed to our users if such content is deemed to violate any PRC laws or regulations, and PRC authorities may impose legal sanctions on us.

We are a livestreaming platform that enables our users to exchange information, generate content, advertise products and services, and engage in various other online activities. Although real-name registration is required for streamers by our platform, we may not be able to verify the identity information provided by our streamers as true and accurate. For registration of users, we verify identities primarily based on verification text messages sent to their mobile devices, which may not always be reliable. As a majority of the video and audio communications on our platform is conducted in real time, we cannot filter the content generated by our streamers and users on air before they are streamed on our platform. Therefore, users may solicit or engage in illegal conversations or activities, including publishing inappropriate or illegal content on our platforms that may be prohibited under PRC laws and regulations, or participating in voice-based interactions containing inappropriate or illegal content with streamers. See "—Our content monitoring system may not be effective in preventing misconduct by our platform users and misuse of our platform, and such misconduct or misuse may materially and adversely impact our brand image, business and operating results."

We require users to agree to our terms of service upon account registration. Our terms of service set out types of content strictly prohibited on our platform, and we have also developed a robust content monitoring system. However, although we use our best efforts to monitor content on our platform, we cannot detect every incident of inappropriate content on our platform due to the immense quantity of user-generated content, and as such, government authorities may hold us liable for inappropriate content on our platform. Although we report violations of our terms of service to PRC local authorities, such authorities may not take any action with respect to these violations on a timely basis, if at all. On December 15, 2019, the CAC promulgated the Provisions on the Ecological Governance of Network Information Contents, which became effective on March 1, 2020. It requires network platform operators like us not to disseminate illegal contents that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, nor to present obscure, superstitious, fraudulent, gambling, violent, defamatory, exaggerated, sexually suggestive, discriminative or other inappropriate contents that are "socially destabilizing" or leaking "state secrets" of China. Notice 78 also requests the livestreaming platforms to strengthen positive value guidance and to prevent the spread of the information related to wealth flaunting, money worshiping and vulgarity. In addition, on June 8, 2022, the NRTA, and the Ministry of Culture and Tourism, or the MCT jointly issued the Code of Conduct for Live-streamers to regulate the behaviours of streamers on livestreaming platforms. The Code of Conduct for Live-streamers lists 31 categories of content that are prohibited in online streaming. For example, during live streaming sessions, streamers shall not behave extravagantly or waste food, flaunt luxury goods, jewelry and other assets, or display sexually suggestive and provocative content. For live streaming content that requires a high level of professional skills (such as medical and health care, finance, law and education), streamers must have relevant professional qualifications and register with the livestreaming platforms. In addition, the Code of Conduct for Live-streamers requires livestreaming platforms to establish comprehensive internal policies to manage streamers on their platforms, including, among other things, recruitment, training, daily management, performance evaluation and violation record management. Livestreaming platforms should ban the accounts of streamers who have repeatedly or seriously violated the Code of Conduct for Live-streamers or applicable rules and regulations and put them on a "black list" or a "warning list". Local government authorities shall regularly inspect livestreaming platforms and hold them responsible for any streamer who has violated these rules. We have adopted various actions and internal policies to manage our streamers to comply with the Code of Conduct for Live-Streamers or other applicable laws and regulations, including taking special actions to correct the misconduct of streamers from time to time, strengthening the content monitoring, screening illicit and/or inappropriate content and charging penalties to streamers who has violated certain provisions of the Code of Conduct, strengthening the internal compliance review of products, services and streamers in respect of taxation and other laws, in order to avoid the Company's and streamers' violations of the Code of Conduct and other applicable laws and regulations. Our legal department also conducts regular trainings to streamers, talent agencies and various business departments of the Company in connection with the Code of Conduct. However, it is uncertain as to if streamers on our platform can consistently remain in compliance with the Code of Conduct for Live-streamers or other applicable laws and regulations and we may need to terminate cooperation with those streamers who have been found in serious violation of the code of conduct or other applicable laws and regulations. We may be subject to fines, penalties, liabilities or other remedial or disciplinary actions, including, in serious cases, suspension or revocation of the licenses necessary to operate our platform if we are deemed to have facilitated the appearance of inappropriate content placed by third parties on our platform under PRC laws and regulations. In addition, application stores may temporarily take down our applications if the content was deemed to violate applicable PRC laws or regulations. Meanwhile, we may face claims for defamation, libel, negligence, copyright, patent or trademark infringement, other unlawful activities or other theories and claims based on the nature and content of the information delivered on or otherwise accessed through our platform. Defending any such actions could be costly and require significant time and attention of our management and other resources, which would materially and adversely affect our business.

We may be materially and adversely affected by the complexity, uncertainties and changes in PRC regulation of the Internet industry and companies.

The PRC government extensively regulates the Internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the Internet industry. These Internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties, so we may be subject to the interpretations made in policies and guidelines of regulators. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Issues, risks and uncertainties relating to PRC regulation of the Internet business include, but are not limited to, the following:

- There are uncertainties relating to the regulation of the Internet business in China, including evolving licensing requirements and practices. Permits, licenses or operations at some of our subsidiaries and PRC variable interest entity levels may be subject to challenge. We may not be able to timely obtain or maintain all the required licenses or approvals, permits, or to complete filing, registration or other formalities necessary for our present or future operations, and we may not be able to renew certain permits or licenses or renew certain filing or registration or other formalities. See "—If we fail to obtain or maintain the required licenses and approvals or if we fail to comply with laws and regulations applicable to our industry, our business, financial condition and results of operations may be materially and adversely affected" and "Item 4. Information of the Company—4.B. Business Overview—Regulation."

- PRC governmental authorities may impose additional requirements on real-name registration for livestreaming platforms. In August 2018, the National Office of Anti-Pornography and Illegal Publication and five other authorities jointly issued the Notice on Strengthen the Management of Livestreaming Service, which required the real-name registration system for users to be put in place by livestreaming service providers. Pursuant to Notice 78 and the 2021 Streaming Guidance Opinions, online streaming platforms shall implement a real-name registration system. Under the above real-name registration system, we validate the identity information of the registered streamers primarily based on their identification cards and validate the identity information of the registered users primarily based on their mobile numbers. Currently, we are not required to obtain information such as legal names, citizen identification cards or other personal information during the registration process to validate the identity information of our users who are not streamers. However, the PRC government authorities may further tighten the real-name registration requirements or require us to implement a more thorough compulsory real-name registration system such as adopting a mandatory face-recognition system for all users on our platform in the future. If we were required to implement a more rigid real-name registration system for users on our platform, our users' experiences on the platform may be downgraded and potential users may be deterred from registering with our platform, which may in turn negatively affect the growth of our user base and prospects.

- Pursuant to Notice 78 and the 2021 Streaming Guidance Opinions, the online streaming platforms shall adopt a tiered and classified management system over the streamers accounts, with the streamer accounts managed in different tiers and classes based on the nature of the streamers, operational contents, number of fans, popularity of the streaming, time limit of the streaming and other factors. Online streaming platforms shall set up appropriate limitations for streamers' accounts in different tiers or classes in terms of the total amount of virtual gifts received in any single session of streaming performance, the popularity of the streaming, the time length of the streaming, the sessions of the streaming in any single day, the time gap between different streaming sessions and other factors, and take necessary warning measures against the streamers who violate relevant laws and regulations. In addition, the online streaming platforms are required, among other things, to set up appropriate limitations for the maximum purchase price for each virtual gift and the maximum value of virtual gifts that the users send to the streamers each time. As Notice 78 and the 2021 Streaming Guidance Opinions are relatively new and pending further interpretation and implementation, we are still in the process of waiting for further guidance from regulatory authorities and evaluating the applicability and effect of the various requirements under Notice 78 and the 2021 Streaming Guidance Opinions. The Code of Conduct for Live-streamers issued by the NRTA and the MCT on June 8, 2022 requires livestreaming platforms to establish comprehensive internal policies to manage streamers on their platforms. Moreover, if the government requires us to supervise the streamers and their streaming sessions in a stricter method, we may incur additional cost and our user experiences may be downgraded, which may further adversely affect our ability to attract viewers and streamers.

- The evolving PRC regulatory system for the Internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the State Internet Information Office. The primary role of this new agency is to facilitate the policy-making and legislative development in this field to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the Internet industry. We are unable to predict what policies this new agency or any new agencies to be established in the future may have or how they may interpret existing laws, regulations and policies and how they may affect us. On May 14, 2019, the MCT declared in a circular that it would no longer assume the responsibility of supervising the online games industry and would no longer approve or issue the Online Culture Business Licenses regarding online games. The Online Culture Business License held by Wuhan Ouyue, one of the VIEs, no longer contained content related to online games operation when we renewed it upon expiration in 2020. On December 22, 2023, the NPPA issued the Measures for Online Game Management (Draft for Comment) to solicit public comments by January 22, 2024. The draft measures provide that the national publication authority shall be responsible for the supervision and regulation of online game publishing and distribution activities and online games operators shall obtain the Online Culture Business License. However, as of the date of this annual report, the draft measures are still in the draft form and there is no schedule for the adoptions of such draft, and it remains unclear whether the version adopted will have any further material changes. There remains substantial uncertainties about how these draft measures will be enacted, interpreted or implemented and how they will affect our operations. Further, new laws, regulations or policies may be promulgated or announced that will regulate Internet activities, including online video and online advertising businesses. If these new laws, regulations or policies are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations after they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to fines, penalties, liabilities or other remedial measures.

- In recent years, PRC government has introduced new laws and regulations to reflect its growing concern about the negative impacts of the internet on society, particularly the impacts of internet on minors. On April 15, 2007, eight PRC government authorities, including the General Administration of Press and Publication, or the GAPP, the Ministry of Education, the Ministry of Public Security and the Ministry of Information Industry (which is the predecessor of MIIT), issued a notice requiring all Chinese online game operators to adopt an "anti-fatigue system" in an effort to curb addiction to online games by minors. As of October 1, 2011, online game players in China are required to register and verify their names and identity card numbers with the National Citizen Identity Information Center, a subordinate public institution of the Ministry of Public Security, before playing an online game. On October 25, 2019, the GAPP issued the Circular on Preventing Minors from Indulging in Online Games to reiterate the requirements on real name registration and verification, the anti-indulgence system for minors, and other measures to address relevant minors' issues on the online games. Pursuant to the 2021 Streaming Guidance Opinions, an online streaming platform shall not be allowed to open the streamer account for users under 16, and shall only open the streamer account for users between 16-18 with their guardians' prior consents. The 2021 Streaming Guidance Opinions also require all online streaming platforms to adopt a "teenager mode" to prevent the minor users from obsessive use of the platforms, block detrimental content to the minor users, and refrain from providing virtual gift purchase services to the minors. In addition, online streaming platforms shall establish a customer service team exclusively for minor users to address their complaints and disputes in a timely manner. The online streaming platforms shall make refunds in the event that a minor user purchases virtual gifts for the streamers by using an adult account. As of the date of this annual report, we have taken certain measures including displaying a pop-up page to guide the minors to use the "teenager mode", requiring the users to enter the guardian password if the usage time under the "teenager mode" reaches 40 minutes per day, building up an exclusive content pool for the minors in which contents that are not appropriate for the minors are screened out and optimize our customer service team and refund mechanism to address complaints and disputes in the event that minor users purchase virtual gifts for the streamers by using adult accounts. Despite the measures we have taken, however, minor users may still use our services through adult accounts if their guardians fail to keep minors under responsible supervision when using our services. On August 30, 2021, the GAPP issued the Circular on Further Strengthening Regulation to Effectively Prevent Online Gaming Addictions among Minors, pursuant to which online game operators are only allowed to provide online game services to minors from 8:00 p.m. to 9:00 p.m. on Fridays, Saturdays, Sundays and public holidays. The restrictions above may lead to a decrease in the number or engagement of game players, which could adversely affect our game livestreaming service and have a material effect on our results of operations. Furthermore, on May 7, 2022, the General Office of Central Commission for Guiding Cultural and Ethical Progress, the CAC, the NRTA and the MCT, jointly promulgated the Opinions on Regulating Online Live Streaming Rewards to Strengthen the Protection of Minors to regulate the live streaming rewards services of live streaming platforms and protect minors. The opinions provide that, among others, (i) livestreaming platforms shall not provide virtual gifting services to minors; and (ii) livestreaming platforms shall not provide live-streamer's account registration services to minors under the age of 16 and shall obtain the consent from guardians before providing such services to minors between the ages of 16 and 18. The opinions also require online platforms to (i) continue to upgrade their "teenager mode" and establish a customer service team for minors to process the complaints and disputes related to minors; (ii) remove the rewards ranking within one month after the announcement of the opinions; and (iii) discontinue all services under "teenager mode" after 10:00 p.m. every day. On October 16, 2023, the CAC issued the Regulations on the Protection of Minors Online, which impose obligations on online service providers to protect minors when they are using online services, in particular, online games, live streaming and online social networking services. More stringent government regulations could be promulgated in the future, which will also adversely affect our results of operations by deterring viewers to use our platform or downgrading our viewers' experiences on our platform.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the Internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, Internet businesses in China, including our business. There are also risks that we may be found to violate existing or future laws and regulations given the uncertainty and complexity of China's regulation of Internet business.

Increases in the costs of content on our platform may have an adverse effect on our business, financial condition and results of operations.

We need to continue offering popular and attractive content on our platform to provide our viewers with engaging and satisfying viewing experiences, and our ability to provide such content is partially dependent on our ability to retain top streamers. We enter into exclusive contracts with our top streamers whose performances meet our standards, under which they are paid a base compensation in addition to a certain percentage of the sales of virtual gifts that they receive. We also sponsor pro players and eSports teams to have them stream their gameplay on our platform. The compensation and recruitment costs that we incur with respect to retaining top streamers may increase, depending on the streamers' revenue contribution. If our competitor platforms offer higher compensation with an intent to attract our popular streamers, costs to retain our streamers may increase. If we are not able to continue to retain our streamers and produce high quality content on our platform at commercially acceptable costs, our business, financial condition and results of operations would be adversely impacted. Furthermore, as our business and user base further expands, we may have to devote more resources in encouraging our streamers to produce content that meets the varied interests of a diverse user base, which would increase the costs of contents on our platform. If we are unable to generate sufficient revenues that outpace our increased content costs, our business, financial condition and results of operations may be materially and adversely affected.

Any compromise to the cyber security of our platform could materially and adversely affect our business, reputation and results of operations.

On November 7, 2016, the SCNPC released the PRC Cyber Security Law, which took effect on June 1, 2017. The PRC Cyber Security Law requires network operators to fulfill certain obligations to safeguard security in cyberspace and enhance network information management.

Our products and services are generally provided through the Internet and involve the storage and transmission of users' information. Any security breach would expose us to a risk of loss of information and result in litigation and potential liability. As the techniques used to obtain unauthorized access, disable or degrade Internet services or sabotage operating systems change frequently and often are not recognized until launched against a target, we may not be able to anticipate such techniques or implement adequate preventative measures. Our user data is encrypted and saved in two different places within our internal servers rather than client-based servers, protected by access control, and further backed up in our long-distance disaster recovery system, so as to minimize the possibility of data loss or breach. Upon a security breach, our technical team will be notified immediately and coordinate with the local supporting staff to diagnose and solve the technical problems. As of the date of this annual report, we have not experienced any material incidents of security breach.

Despite the security measures we have implemented, our facilities, systems and procedures and those of our third-party providers, may be vulnerable to security breaches, acts of vandalism, software viruses, misplaced or lost data, programming or human errors or other similar events which may disrupt our delivery of services or expose the confidential information of our users and others. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed, we may lose current and potential users and may be exposed to legal and financial risks, including legal claims, regulatory fines and penalties or other remedial measures which in turn could adversely affect our business, reputation and results of operations.

Our operations depend on the performance of the Internet infrastructure and fixed telecommunications networks in China, which may experience unexpected system failure, interruption, inadequacy or security breaches.

Almost all access to the Internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of MIIT. Moreover, we primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and Internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's Internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. Web traffic in China has experienced significant growth during the past few years. Effective bandwidth and server storage at Internet data centers in large cities such as Beijing are scarce. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the Internet infrastructure and the fixed telecommunications networks in China can support the demands associated with the continued growth in Internet usage. If we cannot increase our capacity to deliver our online services, we may not be able to accommodate the increases in traffic we anticipate from our expanding user base, and the adoption of our services may be hindered, which could adversely impact our business and profitability.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and Internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if Internet access fees or other charges to Internet users increase, some users may be prevented from accessing the mobile Internet and thus cause the growth of mobile Internet users to decelerate. Such deceleration may adversely affect our ability to continue to expand our user base.

The proper functioning of our platform is essential to our business. Any disruption to our IT systems could materially affect our ability to maintain the satisfactory performance of our platform.

The proper functioning of our platform is essential to our business. The satisfactory performance, reliability and availability of our IT systems are critical to our success and our ability to provide content to attract and retain users.

Our technology or infrastructure may not function properly at all times. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our systems could result in the unavailability or slowdown of our platform and the attractiveness of content provided on it. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website or mobile app slowdown or unavailability or loss of data. Any such occurrences could cause severe disruption to our daily operations. As a result, our reputation may be materially and adversely affected, our market share could decline and we could be subject to liability claims.

Our core values of focusing on user experience and satisfaction first and acting for the long-term may conflict with the short-term operating results of our business, and also negatively impact our relationships with advertisers or other third parties.

One of our core values is to focus on user experience and satisfaction, which we believe is essential to our success and serves the best, long-term interests of our company and our shareholders. Therefore, we have made, and may make in the future, significant investments or changes in strategy that we think will benefit our users, even if our decision negatively impacts our operating results in the short-term. For example, in order to provide users of our platform with uninterrupted entertainment options, we do not place significant advertising on our platform. While this decision adversely affects our operating results in the short-term, we believe it enables us to provide higher quality user experience on our platform, which will help us expand and maintain our current large user base and create better monetizing potential in the long-term. In addition, this philosophy of putting our users first may also negatively impact our relationships with advertisers or other third parties, and may not result in the long-term benefits that we expect, in which case the success of our business and operating results could be harmed.

We cooperate with various talent agencies to manage our streamers. If we are not able to maintain our relationship with talent agencies, our operations may be materially and adversely affected.

We cooperate with talent agencies to manage and organize streamers on our platform. As we are an open platform that welcomes all streamers to register on our platform, cooperation with talent agencies increases our operational efficiency in terms of discovering, supporting and managing streamers in a more organized and structured manner and turning amateur streamers to full-time streamers.

We pay certain of our streamers or their talent agencies fees based on a percentage of revenue from virtual gift sales that is attributable to the streamers' livestreams. If we cannot balance the interests between us and the streamers and the talent agencies design a compensation system that is agreeable to both streamers and talent agencies, we may not be able to retain or attract streamers or talent agencies, or both.

In addition, some of the talent agencies have exclusive cooperation relationships with us. If other platforms offer better incentive to talent agencies, such talent agencies may choose to devote more of their resources to streamers who stream on the other platforms, or they may encourage their streamers to use or even enter into an exclusive agreement with other platforms, all of which could materially and adversely affect our business, financial condition and results of operations.

We use third-party services and technologies in connection with our business, and any disruption to the provision of these services and technologies to us could result in adverse publicity and a slowdown in the growth of our users, which could materially and adversely affect our business, financial condition and results of operations.

Our business depends upon services provided by, and relationships with, third parties. For example, some third-party software we use in our operations is currently publicly available without charge. If the owner of any such software decides to make claims against us, charge users, or no longer makes the software publicly available, we may need to enter into settlement with such owners, incur significant cost to license the software, find replacement software or develop it on our own. If we are unable to find or develop replacement software at a reasonable cost, or at all, our business and operations may be adversely affected.

Our overall network relies on broadband connections provided by third-party operators and we expect this dependence on third parties to continue. The networks maintained and services provided by such third parties are vulnerable to damage or interruption, which could impact our results of operations. See "—Our operations depend on the performance of the Internet infrastructure and fixed telecommunications networks in China, which may experience unexpected system failure, interruption, inadequacy or security breaches."

We also sell a significant portion of our products and services through third-party online payment systems. If any of these third-party online payment systems suffer from security breaches, users may lose confidence in such payment systems and refrain from purchasing our virtual gifts online, in which case our results of operations would be negatively impacted.

We exercise no control over the third parties with whom we have business arrangements. For some services and technologies, such as online payment systems, we rely on a limited number of third-party providers with limited access to alternative networks or services in the event of disruptions, failures or other problems. If such third parties increase their prices, fail to provide their services effectively, terminate their service or agreements or discontinue their relationships with us, we could suffer service interruptions, reduced revenues or increased costs, any of which may have a material adverse effect on our business, financial condition and results of operations.

Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to retain or expand our user and customer base, or our ability to increase their level of engagement.

In China, we market our services under the brand "斗鱼". Our business and financial performance are highly dependent on the strength and the market perception of our brand and services. A well-recognized brand is critical to increasing our user base and, in turn, facilitating our efforts to monetize our services and enhancing our attractiveness to customers. From time to time, we conduct marketing activities across various media to enhance our brand and to guide public perception of our brand and services. In order to create and maintain brand awareness and brand loyalty, to influence public perception and to retain existing and attract new mobile users, customers and platform partners, we may need to substantially increase our marketing expenditures. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. We must exercise strict quality control of our platform to ensure that our brand image is not tarnished by substandard products or services. We must also find ways to distinguish our platform from those of our competitors. If for any reason we are unable to maintain and enhance our brand recognition, or if we incur excessive expenses in this effort, our business, results of operations and prospects may be materially and adversely affected.

Concerns about the collection, use and disclosure of personal data and other privacy-related and security matters could deter customers and users from using our services and adversely affect our reputation and business.

We collect, process, and store data concerning our users, business partners and employees, including personal and transaction data involving our users. Concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy-related and security matters, even if unfounded, could damage our reputation and operations.

On November 28, 2019, the Secretary Bureau of the CAC, the General Office of the MIIT, the General Office of the Ministry of Public Security and the General Office of the SAMR promulgated the Identification Method of Illegal Collection and Use of Personal Information Through App, which provides guidance for the regulatory authorities to identify the illegal collection and use of personal information through mobile apps, and for the app operators to conduct self-examination and self-correction and for other participants to voluntarily monitor compliance. The PRC Constitution, the PRC Criminal Law, the PRC Civil Code and the PRC Cyber Security Law protect individual privacy in general, which requires certain authorization or consent from Internet users prior to collection, use or disclosure of their personal data and also protection of the security of the personal data of such users. In particular, Amendment 7 to the PRC Criminal Law prohibits institutions, companies and their employees in the telecommunications and other industries from selling or otherwise illegally disclosing a citizen's personal information obtained during the course of performing duties or providing services. On January 23, 2019, the Office of the Central Cyberspace Affairs Commission and other authorities jointly vowed to carry out special campaigns against illegal collection and usage of personal information by mobile Internet application operators, including collecting personal information irrelevant to their services, or forcing users to give authorization in disguised manner. On July 22, 2020, the MIIT issued the Notice on Carrying out Special Rectification Actions in Depth against the Infringement on Users' Rights and Interests by Apps to urge app service providers, among others, to strengthen the protection of users' personal information in relation to the download, installing and upgrade of apps. On March 12, 2021, the CAC, the MIIT and the Ministry of Public Security issued the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications, which provides that network operators shall not collect personal information irrelevant to the services they provide and the app operators shall not refuse to provide basic services to users on the grounds of users' refusal to provide their personal non-essential information. Further, on August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law, which became effective on November 1, 2021. The PRC Personal Information Protection Law provides detailed rules on how to handle personal information and sets forth legal responsibilities. See "Item 4. Information of the Company—4.B. Business Overview—Regulation—Regulations Relating to Privacy Protection" for detailed information. Our internal policy requires our employees to protect the personal data of our users, and employees who violate such policy are subject to disciplinary actions, including dismissal. While we strive to comply with all applicable data protection laws and regulations, as well as our own privacy policies, any failure or perceived failure to comply may result in proceedings or actions against us by government entities or private individuals, which could have an adverse effect on our business. Moreover, failure or perceived failure to comply with applicable laws and regulations related to the collection, use, or sharing of personal information or other privacy-related and security matters could result in a loss of confidence in us by customers and users, which could adversely affect our business, financial condition and results of operations.

Foreign and international laws, regulations, standards, and other obligations, and changes in the interpretation of such laws, regulations, standards, and other obligations could result in increased regulation, increased costs of compliance and penalties for non-compliance, and limitations on data collection, use, disclosure, and transfer for us and our users. In 2016, the European Union ("EU") adopted a new regulation governing data privacy called the General Data Protection Regulation, or the GDPR, which became effective in May 2018. The GDPR establishes new requirements applicable to the handling of personal data and imposes penalties for non-compliance of up to 4% of worldwide revenue. In addition, to the extent we deploy services of any third-party suppliers to support our overseas business, we must continue to seek assurances from our sub-processors that they are handling personal data in accordance with GDPR requirements in order to meet our own obligations under the GDPR. In addition, in June 2018, the California Consumer Privacy Act, or the CCPA, which takes effect on January 1, 2020, was enacted. The CCPA gives California consumers certain rights similar to those provided by the GDPR, and users may seek similar assurances from suppliers regarding compliance.

We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cybersecurity incidents, could harm our ability to operate our business effectively.

We are heavily dependent on critical, complex and interdependent information technology systems, including internet-based systems, to support our business processes. Our information technology system security is continuously reviewed, maintained and upgraded in response to possible security breach incidents. Despite the implementation of these measures, our information technology systems and those of third parties with which we contract are vulnerable to damage from external or internal security incidents, breakdowns, malicious intrusions, cybercrimes, malware, misplaced or lost data, programming or human errors or other similar events. System failures, accidents or security breaches could cause interruptions in our operations and could result in inappropriately accessed, tampered with, modified or stolen our data or a material disruption of our business operations and product development, in addition to possibly requiring substantial expenditures of resources to remedy. Such events could also lead to the loss of important information such as trade secrets or other intellectual property and could accelerate the development or manufacturing of competing products by third parties. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and our research and development programs could be delayed.

Unauthorized use of our intellectual property by our streamers and employees and other third parties and the expenses incurred in protecting our intellectual property rights may harm our brands and reputation and materially and adversely affect our business.

We regard our copyrights, trademarks and other intellectual properties as critical to our success, and rely on a combination of trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. Although our contracts with users typically prohibit the unauthorized use of our brands, images, characters and other intellectual property rights, we cannot ensure that they will always comply with these terms. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Although we enter into confidentiality agreements and intellectual property ownership agreements with our employees, these confidentiality agreements could be breached, we may not have adequate remedies for any breach, and our proprietary technology, know-how or other intellectual property could otherwise become known to third parties. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

While we actively take steps to protect our proprietary rights, such steps may not be adequate to prevent the infringement or misappropriation of our intellectual property. In addition, we cannot assure you that any of the above trademark applications will ultimately proceed to registration or will result in registration with adequate scope for our business. Some of our pending applications or registrations may be successfully challenged or invalidated by others. If our trademark applications are not successful, we may have to use different marks for affected products or services, or seek to enter into arrangements with any third parties who may have prior registrations, applications or rights, which might not be available on commercially reasonable terms, if at all.

Implementation and enforcement of intellectual property laws have historically been challenging in jurisdictions without a fully developed legal framework regulating intellectual property rights. Accordingly, intellectual property right protection in those jurisdictions may not be effective. Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources, and could disrupt our business, as well as materially adversely affect our financial condition and results of operations.

Our failure to anticipate or successfully implement new technologies could render our proprietary technologies or platform unattractive or obsolete, and reduce our revenues and market share.

Our technological capabilities and infrastructure underlying our livestreaming platform are critical to our success. The Internet industry is subject to rapid technological changes and also evolving quickly in terms of technology innovation. We need to anticipate the emergence of new technologies and assess their market acceptance. We also need to invest significant resources, including financial resources, in research and development to keep pace with technological advances in order to make our development capabilities, our platform and our services competitive in the market. However, development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our development results. Our significant expenditures on research and development may not generate corresponding benefits. Given the fast pace with which the Internet technology has been and will continue to be developed, we may not be able to timely upgrade our streaming technology, our engines or the software framework for our platform development in an efficient and cost-effective manner, or at all. New technologies in programming or operations could render our technologies, our platform or products or services that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related product development costs, outsourcing costs and licensing fees, which could result in a decline in our revenues and market share.

User growth and engagement depend upon effective interoperation with operating systems, networks, mobile devices and standards that we do not control.

We make our services available across a variety of PC and mobile operating systems and devices. We are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Windows, Android and iOS. Any changes in such operating systems or devices that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect usage of our services. Further, if the number of platforms for which we develop our services increases, which is typically seen in a dynamic and fragmented mobile services market such as China, it will result in an increase in our costs and expenses. In order to deliver high quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices and standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing services that operate effectively with these operating systems, networks, devices and standards. In the event that it is difficult for our viewers and streamers to access and use our services, particularly on their mobile devices, our user growth and user engagement could be harmed, and our business and operating results could be adversely affected.

Our business depends substantially on the continuing efforts of our executive officers, key employees and qualified personnel, and our business may be adversely and negatively impacted if we lose their services.

Our future success depends substantially on the continued efforts of our executive officers and key employees. In particular, we rely on the expertise, experience and vision of Mr. Shaojie Chen, our founder, chairman and chief executive officer as well as other members of our senior management team. On November 20, 2023, the Company was informed that Mr. Shaojie Chen, the CEO and the Chairman of the Board of the Company, was arrested by the Chengdu police on or about November 16, 2023. On November 22, 2023, the Chengdu police made a public announcement confirming that Mr. Chen was arrested on suspicion of setting up casinos. Accordingly, on November 24, 2023, the Company promptly formed an interim management committee consisting of Mr. Mingming Su, a director and Chief Strategy Officer of the Company, Mr. Hao Cao, a director and Vice President of the Company, and Ms. Simin Ren, a director and Vice President of the Company, to manage the Company's operations until the appointment of Co-CEO in January 2025. As of the date of this annual report, Mr Shaojie Chen's case has been transferred to the court by procuratorate. The court has not yet scheduled a hearing and the final judgement has not been made. As of the date of this annual report, the allegations against Mr. Chen have not been resolved. Mr. Chen's case has not had a material adverse impact on our business thusfar. However, we cannot assure you that his case will continue to not have a material adverse impact on our business, including, for example, if a verdict is rendered against Mr. Chen. We cannot reasonably predict the outcome of his case, nor can there be any assurance that such proceeding will not have a material adverse impact on our business. If one or more of our executive officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Since the game-centric livestreaming industry is characterized by high demand and intense competition for talent, we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees. In addition, as our company is relatively young, our ability to train and integrate new employees into our operations may not meet the growing demands of our business which may materially and adversely affect our ability to grow our business and hence our results of operations.

We do not have key man insurance for our executive officers or key employees. If any of our executive officers and key employees terminates their services with us, our business may be severely and adversely affected, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members. Each of our executive officers and key employees has entered into an employment agreement and a non-compete agreement with us. However, certain provisions under the non-compete agreement may be deemed invalid or unenforceable under PRC laws. If any dispute arises between our executive officers and key employees and us, we cannot assure you that we would be able to enforce these non-compete agreements in China.

We rely on our mobile application and PC application to provide services to our viewers and streamers which, if inaccessible, may have material adverse impact on our business and results of operations.

We rely on third-party mobile application and PC application distribution channels such as Apple's App Store, various Android application stores, and websites to distribute our applications to viewers and streamers. We expect that a substantial number of downloads of our mobile applications and PC applications will continue to be derived from these distribution channels. As such, the promotion, distribution and operation of our applications are subject to such distribution platforms' standard terms and policies for application developers, which are subject to the interpretation of, and frequent changes by, these distribution channels. If Apple's App Store or any other major distribution channel interprets or changes its standard terms and conditions in a manner that is detrimental to us, or terminates its existing relationship with us, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, our mobile application was removed temporarily from these third-party distribution channels for a short period of time in the past due to personal misconduct of certain streamers, which involved distribution of inappropriate content on our platform in violation of relevant laws,regulations or policies. We promptly removed such streamers from our platform and implemented measures to procure compliance from our platform users, in particular our streamers, with relevant laws,regulations and policies. However, we cannot guarantee that all platform users will comply with all the laws and regulations as well as our policies. For details, please refer to "—Our content monitoring system may not be effective in preventing misconduct by our platform users and misuse of our platform, and such misconduct or misuse may materially and adversely impact our brand image, business and operating results." As a result, our application may again be taken down from these third-party distribution channels, or certain functions of our mobile application or PC application may be disabled, which may be disrupting to our operations and have a material adverse effect on our business and results of operations.

We are subject to risks relating to litigation, which could adversely affect our business, prospects, results of operations and financial condition.

We have been involved in and may be subject to litigation and claims of various types, including litigation alleging infringement of intellectual property rights and claims and disputes involving streamers, users, our employees and suppliers. Litigation is expensive, subjects us to the risk of significant damages, requires significant management time and attention and could have a material and adverse effect on our business, financial condition and results of operations.

We have been involved in litigation brought by other livestreaming platforms against streamers who left these platforms to join us, or against us based on allegations of unfair competition. The courts in some of these legal proceedings held that these streamers violated their non-compete obligations to other livestreaming platforms and ordered us to ban these streamers from livestreaming on our platform. We may be forced to ban other streamers on our platform who violate non-compete obligations to other livestreaming platforms and could face fines and other penalties for failing to do so, or we may also be deemed to be engaged in unfair competition with these livestreaming platforms and may be forced to compensate them accordingly, which could adversely affect our business, financial condition and results of operations. In addition, if it is determined that the source of funds used by our users to tip a streamer is illegal, the courts may order the livestreaming platform to issue a refund. As a result, we may face risks associated with litigation requiring us to provide refunds, which could result in substantial costs and negatively affect our reputation, financial condition and results of operations.

Some of our products and services contain open source software, which may pose particular risk to our proprietary software, products and services in a manner that negatively affects our business.

We use open source software in some of our products and services and will continue to use open source software in the future. There is a risk that open source software licenses could be constructed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we may face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully.

Negative publicity may materially and adversely affect our brand, reputation, business and growth prospects.

Negative publicity involving us, our streamers, our viewers, our management, our livestreaming platform or our business model may materially and adversely harm our brand and our business. We cannot assure you that we will be able to defuse negative publicity about us, our management and/or our services to the satisfaction of our investors, viewers and streamers, customers and platform partners. There has been negative publicity about our company, our streamers, the misuse of our services and our senior management, which has adversely affected our brand, public image and reputation. Such negative publicity, especially when it is directly addressed against us, may also require us to engage in defensive media campaigns, legal proceedings, with our without merits, which may potentially leave a negative impression with regulators and prompt investigations.This may cause us to increase our marketing expenses and divert our management's attention and may adversely impact our business and results of operations.

Contractual disputes with our streamers and talent agencies may harm our reputation and subject us to contractual liabilities, and may be costly or time-consuming to resolve.

We enter into contracts with some streamers on our platform, either directly or through talent agencies, the terms of which are generally negotiated on a case-by-case basis. The contractual terms between us and our streamers vary depending on factors such as the talent, popularity and revenue-generating potential of the streamers, as well as the minimum streaming hours they commit to our platform. Some of our contracted streamers enjoy fixed base fees while others do not, and some of our contracted streamers are bound by exclusivity clauses while others are not. We also enter into contractual arrangements with certain talent agencies, who are responsible for recruiting and training streamers, and we share with them a certain percentage of the revenue generated by the streamers they manage. From time to time, there may be contractual disputes between streamers, talent agencies and/or us or between us and other third parties relating to our streamers. Any such disputes may not only be costly and time-consuming to resolve, but may also be detrimental to the quality of the content produced by our streamers, causing our streamers to leave our platform, decrease user engagement on our platform or otherwise adversely affect our business, financial condition and results of operations.

Advertisements shown on our platform may subject us to penalties and other administrative actions.

Under PRC advertising laws and regulations, we are obligated to monitor the advertising content and its form displayed on our platform to ensure that such content is true and accurate and in full compliance with applicable laws and regulations. In addition, where a special government review is required for specific types of advertisements prior to Internet posting, such as advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals, we are obligated to confirm that such review has been performed and approval has been obtained. Violation of these laws and regulations may subject us to penalties, including fines, confiscation of our advertisement income, orders to cease dissemination of the advertisements, orders to publish an announcement correcting the misleading information, or be held liable for damages of our users. In circumstances involving serious violations by us, PRC governmental authorities may force us to terminate our advertisement operations or revoke our licenses.

In addition to the advertisements that were placed by the advertising agencies or advertisers we directly cooperate with, our platform displays side-bar advertisements placed by streamers on their own streaming channels. We also engage our streamers to advertise products or services of third-party clients by way of livestreaming on our platform. In November 2020, the NRTA issued the Notice on Strengthening the Management of Network Live-performance Streaming and E-Commerce Streaming, which provides several requirements on strengthening the management over live-performance streaming and e-commerce streaming. In November 2020, the SAMR issued the Guidance Opinions on Strengthening the Regulation on the Network Advertising Streaming Activities, which requires that Internet streaming platform shall comply with the PRC E-Commerce Law and PRC Advertisement Law as to the services provided by Internet streaming platforms in relation to advertising streaming activities. If we fail to comply with any of the relative rules or regulations, certain fines, liabilities or governmental actions may be imposed on us. See “Item 4. Information of the Company—4.B. Business Overview—Regulation” for more details. On February 25, 2023, the SAMR published the Administrative Measures for Internet Advertising, or the Measures on Internet Advertising, which requires that users should be able to close pop-up advertisements using one button and provide that the pop-up advertisements shall not contain a countdown timer or require more than one click to close and shall not pop up more than once on the same page. The Measures on Internet Advertising further specify that advertising activities via livestreaming is subject to the new rules. Furthermore, the Measures on Internet Advertising prohibit internet operators from publishing advertisements for certain items on internet media that targets minors, including, among others, advertisements related to online games that are harmful to the physical or mental health of minors, cosmetics, alcohol, or beauty. The Chinese government may, from time to time, promulgate new laws and regulations related to advertising in the future to impose additional requirements on online advertising services relating to certain industries, such as medical, pharmaceutical, health care and after-school tutoring. For example, the Circular on the Administration of After-School Tutoring Advertisement jointly issued by the SAMR and seven other government authorities on November 3, 2021 mandates that new media, internet platforms and other mainstream media shall not publish or broadcast any advertisement on after-school tutoring services targeting primary and middle school students and pre-school children. We may be required to modify the operation of our advertising business and curb advertisements in connection with certain restricted sectors in order to meet the evolving compliance requirements on the industry, which may adversely affect our online marketing revenue.

While we have made significant efforts to ensure that the advertisements shown on our platform are in full compliance with applicable PRC laws and regulations, we cannot ensure that all the content contained in such advertisements or offers is true and accurate as required by the advertising laws and regulations, especially given the uncertainty in the interpretation of these PRC laws and regulations. If we are found to be in violation of any applicable PRC law or regulation, we may be subject to penalties and our reputation may be harmed, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our key performance metrics, such as MAUs and paying users, may overstate the number of active and paying users that we have, which may therefore lead to an inaccurate interpretation of our revenue metrics and of our business operations by our management and by investors, and may affect advertisers' decisions on the amount spent on advertising with us.

For performance tracking purposes, we monitor metrics such as the number of active mobile users and paying users. We calculate certain operating metrics in the following ways: (a) the number of registered users, which refers to the number of users that has registered and logged onto our platform at least once since registration; (b) the number of active mobile users, which refers to the number of users who visited our platform through mobile app at least once in a given period; and (c) the number of paying users, which refers to the number of users that have purchased virtual gifts on our platform at least once in a given period. The actual number of individual users, however, is likely to be potentially significantly lower than that of registered users, active mobile users and paying users due to various reasons such as fraudulent representation or improper registration. Some of our user accounts may also be created for specific purposes such as to increase virtual gifting for certain performers in various contests, but the number of registered users, active mobile users and paying users do not exclude user accounts created for such purposes. Furthermore, we historically focused on the number of active users, which encompasses the number of users who visited our platform through either PC or mobile app at least once in a given period. As a result of the evolving user behaviors observed on game-centric livestreaming platforms with a greater emphasis on mobile devices over PCs, our management is focusing more on mobile apps and mobile users from an operational perspective, and uses the number of active mobile users to track the scale and engagement of our users. Due to the purchase of broadcasting rights of key eSport official tournaments (such as League of Legends) that attracted some of the PC users back to our platform, the PC MAUs increased from 36.7 million for the fourth quarter of 2022 to 42.8 million for the fourth quarter of 2023. Such figure then decreased to 25.7 million for the fourth quarter of 2024, which was mainly attributable to our reduced operating activities in maintaining PC users. The average next month active user retention rate for PC users decreased from 29% in 2022 to 26.3% in 2023, and then slightly decreased to 25.2% in 2024, which was mainly due to our reduced operating activities in maintaining loyal PC users. We have limited ability to validate or confirm the accuracy of information provided during the user registration process to ascertain whether a new user account created was actually created by an existing user who is registering duplicative accounts. The respective number of our registered users, active mobile users and paying users may overstate the number of individuals who register on our platforms, sign onto our platforms, purchase virtual gifts or other products and services on our platforms and access DouYu.com, respectively, which may lead to an inaccurate interpretation of our operating metrics.

If the tracked growth in the number of our registered users, active users and paying users is higher than the actual growth in the number of individual registered, active or paying users, our user engagement level, sales and our business may not grow as quickly as we expect, and advertisers may reduce the amount spent on advertising with us, which may harm our business, financial condition and results of operations. In addition, such overstatement may cause inaccurate evaluation of our operations by our management and by investors, which may also materially and adversely affect our business and results of operations.

We are subject to risks relating to our third-party online payment platforms.

Currently, we sell almost all of our products and services to our users through third-party online payment systems. We expect that an increasing amount of our sales will be conducted over the Internet as a result of the growing use of online payment systems. We utilize third-party online payment platforms to receive cash proceeds from sales of our virtual currency through direct purchases on our platform. Any scheduled or unscheduled interruption in the ability of our users to use these and other online payment platforms could adversely affect our payment collection, and in turn, our revenue. In addition, in online payment transactions, secure transmission of user information, such as debit and credit card numbers and expiration dates, personal information and billing addresses over public networks is essential to user privacy protection and maintaining their confidence in our platform.

We do not have control over the security measures of our third-party payment platforms, and their security measures may not be adequate at present or may not be adequate with the expected increased usage of online payment platforms. We could be exposed to litigation and possible liability if the online transaction safety of our users is compromised in transactions involving payments for our virtual currency, which could harm our reputation and our ability to attract users and may materially adversely affect our business. We also rely on the stability of such payment transmissions to ensure the continued payment services provided to our users. If any of these third-party online payment platforms fails to process, or ensure the security of, users' payments for any reason, our reputation will be damaged and we may lose our paying users and discourage potential purchases, which in turn, will materially and adversely affect our business, financial condition and prospects.

Restrictions on virtual currency may adversely affect our revenues, business and reputation.

In 2015, we launched "Yuchi," the virtual currency that can be used by our viewers to purchase the virtual gifts. Due to the relatively short history of virtual currency in China, the regulatory framework governing the industry is still under development.

On January 25, 2007, the Ministry of Public Security, the Ministry of Culture (the predecessor of the MCT), the MIIT and the GAPP jointly issued a circular regarding online gambling which has implications on the use of virtual currency. To curtail online games that involve online gambling, as well as address concern that virtual currency could be used for money laundering or illicit activities, the circular (a) prohibits online game operators from charging commissions in the form of virtual currency in relation to winning or losing of games, (b) requires online game operators to impose limits on use of virtual currency in guessing and betting games, (c) bans the conversion of virtual currency into actual currency or property and (d) prohibits services that enable game players to transfer virtual currency to other players.

On June 4, 2009, the Ministry of Culture and the Ministry of Commerce jointly issued the Notice on the Strengthening of the Administration of Online Game Virtual Currency, or the Virtual Currency Notice, which defines what virtual currency is and requires that entities obtain the approval from the competent culture administrative department before issuing virtual currency and engaging in transactions using virtual currency in connection with online games. The Virtual Currency Notice requires that virtual currency only be used to purchase services and products provided by the online service provider that issues the virtual currency, prohibits companies that issue online game virtual currency from issuing virtual currency to game players through means other than purchases with legal currency, and prohibits setting game features that involve the direct payment of cash or virtual currency by players for the chance to win virtual gifts or virtual currency based on random selection through a lucky draw, wager or lottery. On December 22, 2023, the NPPA issued the Measures for Online Game Management (Draft for Comment) for public comments, which reinstates the requirements on use of virtual currency. The draft measures provides that companies that issue online game virtual currency are prohibited from setting up or operating any platform and the online game virtual currency trading platform can only allow users to use real-name digital Renminbi when purchasing or selling in-game currency. The draft measures also propose to ban high value tipping for rewards to game players who livestream their games. These restrictions on virtual currency may result in lower sales of online virtual currency, and could have an adverse effect on our revenues from the online game business.

Currently, the PRC government has not promulgated any specific rules, laws or regulations to directly regulate virtual currency, except for the above-mentioned online game related virtual currency. Although the term “virtual currency” is widely used in livestreaming industry, we believe that such “virtual currency” used in our livestreaming communities, including Yuchi, is not in-game virtual currency and does not fall into the virtual currency defined under the Virtual Currency Notice, and we are not subject to any online game virtual currency laws and regulations for our livestreaming business. Further, given that the MCT withdrew from overseeing virtual currency in May 2019, the uncertainty deepened as to which authority will regulate the industry and how. Due to the uncertainties of the interpretation and implementation of the laws and regulations, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours, including expanding the applicability of the existing virtual currency related laws and regulations to non-online game related virtual currency. In such case, we may be required to obtain additional approvals or licenses, or apply for a specific license for virtual currency from the designated regulatory authority in the future, or change our current business model and may be subject to fines, penalties, liabilities or other remedial measures, which could adversely affect our business.

In addition, there are online lucky draws, raffles, interactive patterns and other similar activities conducted on our platform to promote user engagement, which involve virtual currencies (such as Yuchi). The prize of such activities can only be used to purchase virtual gifts or to give to streamers as rewards on our platform. We do not believe that such activities conducted in accordance with our policies are specifically prohibited under PRC laws and regulations and have implemented certain measures to monitor compliance of such activities with our policies. We cannot assure you, however, that such measures will be effective in detecting violations of our policies or that our policies will be effective in preventing violations of PRC laws and regulations. Furthermore, we cannot assure you that our platform will not be subject to fines, penalties, civil or criminal liabilities or other remedial measures due to third party activities (including streamer or viewer activities), or that the PRC government authority will not take a different view or impose limitations on such activities, whether or not specifically against our platform. Our viewers or streamers may also be subject to civil or criminal liabilities in connection with their activities conducted on our platform, which may result in certain remedial measures, governmental or other disciplinary actions or civil liabilities imposed on us and could in turn affect our results of operations and financial conditions.

Present and future business partnerships or acquisitions may fail and materially and adversely affect our business, reputation and results of operations.

We may enter into business partnerships, including joint ventures or minority equity investments, with third parties from time to time in connection with our business. These partnerships could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by third parties and increased expenses in establishing new business partnerships, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could divert resources from our existing business, which in turn could adversely affect our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired businesses. Moreover, the costs of identifying and consummating acquisitions may be significant. In addition to possible shareholder approval, we may have to obtain approvals and licenses from government authorities and comply with applicable PRC laws and regulations, which could result in increased delays and costs.

We may not realize the benefits we expect from our strategic cooperation with Tencent, which may materially and adversely affect our business and results of operations.

We and Tencent, through our respective PRC affiliated entities, have entered into a strategic cooperation framework memorandum which became effective on January 31, 2018 and was subsequently replaced by the amended and restated strategic cooperation framework memorandum dated April 1, 2019 (the "Amended and Restated SCFM"). For details, please refer to "Item 4. Information of the Company—4.B. Business Overview—Our Relationship with Tencent." As of March 31, 2025, Tencent held approximately 40.0% of our total outstanding ordinary shares through its wholly-owned subsidiaries, Nectarine and Distribution Pool Limited, representing 40.0% of our total voting power. For details, see "Item 6. Directors, Senior Management and Employees—6.E. Share Ownership." As a result, Tencent has substantial influence over our business and their interests may not be aligned with ours or the other shareholders. For details please refer to "—Certain existing shareholders have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders."

If we encounter difficulties implementing our strategic cooperation with Tencent, our management may need to divert their attention from existing operations. In addition, certain terms of the Amended and Restated SCFM may limit our ability to collaborate with third-party game developers or publishers. Our relationship with Tencent does not restrict Tencent from entering into collaboration with other parties. Tencent has, in the past, invested in, and may in the future continue to invest in, our direct or indirect competitors, including companies such as HUYA Inc. Tencent may devote resources or attention to the other companies it has an interest in, including our direct or indirect competitors. As a result, we may not fully realize the benefits we expect from the strategic cooperation with Tencent. Failure to realize the intended benefits from the strategic cooperation with Tencent, or potential restrictions on our collaboration with other parties, could materially and adversely affect our business and results of operations.

Certain existing shareholders have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders.

As of March 31, 2025, our directors and executive officers beneficially owned, after taking into account RSUs that will become vested within 60 days after the date of this annual report, an aggregate of 18.0% of our total outstanding ordinary shares. As of March 31, 2025, Tencent held approximately 40.0% of our total outstanding ordinary shares through its wholly-owned subsidiaries, Nectarine and Distribution Pool Limited, representing 40.0% of our total voting power. In addition, pursuant to the terms of our Fourth Amended and Restated Memorandum and Articles of Association, Mr. Shaojie Chen and Mr. Wenming Zhang, and entities which hold shares of our company on behalf of and are controlled by Mr. Shaojie Chen and Mr. Wenming Zhang, have the right to appoint up to four directors. Nectarine, a wholly-owned subsidiary of Tencent, has the right to appoint up to two directors as long as it beneficially owns no less than 33% of the shares it beneficially owns immediately prior to the completion of our initial public offering in July 2019. Our board of directors has the right to appoint up to four independent directors and may appoint additional directors, if any. Directors appointed by a specified group may only be removed by the affirmative vote of such group. Our officers are nominated by Mr. Shaojie Chen (who has a second or deciding vote when there is an equality of votes) and Mr. Wenming Zhang, and entities which hold shares of our company on behalf of and are controlled by Mr. Shaojie Chen and Mr. Wenming Zhang, and are elected by the board at such terms and remuneration as the board sees fit. For details, please refer to "Item 6. Directors, Senior Management and Employees—6.C. Board Practices—Terms of Directors and Officers."

They may take actions that are not in the best interest of us or our other shareholders and conflicts of interest between them and us may arise as a result of their operation of or investment in businesses that compete with us. Such concentration of ownership and corporate governance mechanism may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. These actions may be taken even if they are opposed by our other shareholders, including holders of our ADSs. In addition, such significant concentration of share ownership and corporate governance mechanism may adversely affect the trading price of the ADSs due to investors' perception that conflicts of interest may exist or arise. For more information regarding our principal shareholders and their affiliated entities, see "Item 6. Directors, Senior Management and Employees—6.E. Share Ownership."

Our results of operations may be subject to quarterly fluctuations due to seasonality.

We historically experienced seasonality in our business, reflecting seasonal fluctuations in Internet usage. As a result, comparing our historical operating results on a period-to-period basis may not be meaningful. For example, the number of active users used to be higher during school holidays and certain parts of the school year, and lower at the beginning or exam periods of the school year, which affected our cash flow for those periods. Furthermore, the number of paying users of our online livestreaming platform generally correlated with the marketing campaigns and promotional activities we conducted, which might coincide with popular western or Chinese festivals. As a result, we cannot rule out the possibility that our operating results in future quarters or years may fall below the expectations of securities analysts and investors due to seasonality.

We do not currently have business insurance to cover our main assets and business. Any uninsured occurrence of business disruption, litigation or natural disaster could expose us to significant costs, which could have an adverse effect on our results of operations.

We do not have any business liability or disruption insurance to cover our operations. We may not be able to insure against certain risks related to our assets or business even if we desire to in the future. In addition, the costs of insuring for such risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could disrupt our business operations, requiring us to incur substantial costs and divert our resources, which could have an adverse effect on our results of operations and financial condition.

If we fail to maintain an effective internal control over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud and investor confidence in our company and the market price of our ADSs may decline.

As a public company, we are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and determine the effectiveness of our internal control over financial reporting, report any material weaknesses in such internal controls and provide a management report on internal control over financial reporting.

Our management has concluded that our internal control over financial reporting was effective as of December 31, 2024. However, we cannot assure you that in the future we will not identify any material weaknesses in our internal control over financial reporting. In addition, because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or management override of internal controls, material misstatements due to error or fraud might not be prevented or detected on a timely basis. If we fail to maintain effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which could cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a negative impact on the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from Nasdaq, regulatory investigations and civil or criminal sanctions.

We have granted RSUs in the past and may continue to grant share-based awards in the future, which may have an adverse effect on our future profit. Exercise of the share options and the vesting of the RSUs granted will increase the number of our Shares in circulation, which may adversely affect the market price of our Shares.

We adopted a share incentive plan in April 2018, which was amended and restated in April 2019 (the "Amended and Restated 2018 RSU Scheme"), for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. Under the Amended and Restated 2018 RSU Scheme, we are authorized to grant RSUs. The maximum aggregate number of ordinary shares we are authorized to issue pursuant to all awards under the Amended and Restated 2018 RSU Scheme is 2,106,321 ordinary shares. In April 2019, we adopted the 2019 Share Incentive Plan (the "2019 Share Incentive Plan"), pursuant to which we may grant options, restricted shares, restricted share units, share appreciation rights, rights to dividends, dividend equivalent rights and other rights or benefits. The maximum aggregate number of shares we may issue under the 2019 Share Incentive Plan is 3,456,869. We may adopt share incentive plans in the future that permits granting of share-based compensation to employees and directors.

We did not recognized any share-based compensation expenses in our consolidated statement of income for the year ended December 31, 2024. As of March 31, 2025, 2,075,858 RSUs have been granted that are not forfeited under the Amended and Restated 2018 RSU Scheme and no award has been granted and outstanding under the 2019 Share Incentive Plan. 2,075,858 RSUs corresponding to 2,075,858 ordinary shares have been vested as of March 31, 2025.

We may consider granting share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Competition for highly skilled personnel is often intense and we may incur significant costs or be unsuccessful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Our ability to attract or retain highly skilled employees may be adversely affected by declines in the perceived value of our equity or equity awards. Furthermore, there are no assurances that the number of shares reserved for issuance under our share incentive plans will be sufficient to grant equity awards adequate to recruit new employees and to compensate existing employees.

We or our senior management may be the subject of allegations, harassment or other detrimental conduct, which could harm our reputation and cause us to lose market share, users and customers and incur actual losses.

We or our senior management have been subject to allegations by third parties or purported former employees, negative Internet postings and other adverse public exposure on our business, operations and staff compensation. We or our senior management may also become the target of harassment or other detrimental conduct by third parties or disgruntled former or current employees. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies, media or other organizations. We or our senior management may be subject to government or regulatory investigation or other proceedings as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we or our senior management will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Given that the litigation and governmental and regulatory investigations and proceedings are inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business.

Additionally, allegations, directly or indirectly against us, may be posted on the Internet, including social media platforms by anyone, whether or not related to us, on an anonymous basis. Any negative publicity on us or our management can be quickly and widely disseminated. Social media platforms and devices immediately publish the content of their subscribers and participants posts, often without filters or checks on accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business or prospects. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of negative and potentially false information about our business and operations, which in turn may cause us to lose market share, users or customers and incur actual losses.

Non-compliance on the part of our employees or third parties involved in our business could adversely affect our business.

Our compliance controls, policies and procedures may not protect us from acts committed by our employees, agents, contractors, or collaborators that violate the laws or regulations of the jurisdictions in which we operate, which may adversely affect our business. Moreover, we may be exposed to gross negligence, fraud or other misconduct committed by our employees or other third parties, including but not limited to our users and business partners, or other events that are out of our control.

In addition, our business partners or other third parties involved in our business through our business partners (such as contractors, talent agencies or other third parties entered into business relationship with our third-party business partners) may be subject to regulatory fines, penalties, liabilities or punishments because of their regulatory compliance failures, which may, directly or indirectly, disrupt our business. Although we conduct review of legal formalities and certifications before entering into contractual relationship with other businesses such as third-party game developers, advertisers and talent agencies, and take measures to reduce the risks that we may be exposed to in case of any non-compliance by third parties, we cannot be certain whether such third party has infringed or will infringe any third parties' legal rights or violate any regulatory requirements or rule out the likelihood of incurring any fines, penalties, liabilities or other remedial measures imposed on us due to any regulatory failures by third parties. We identify irregularities or noncompliance in the business practices of any parties with whom we pursue existing or future cooperation and we cannot ensure that any of these irregularities will be corrected in a prompt and proper manner. In addition, for those third parties actively involved in our business through our business partners such as our sales agents, we also request our business partners to supervise and administrate relevant business activities of such third parties, but we cannot ensure that our business partners will be able to supervise and administrate in an effective way. The fines, penalties, legal liabilities and regulatory actions on our business partners or other third parties involved in our business may affect our business activities and reputation and in turn, our results of operations.

Ongoing geopolitical tensions around the world may have a material adverse effect on our business, financial condition, and results of operations.

We face risks associated with heightened tensions in geopolitical and economic relations. Rivalries and sanctions between major powers, including the United States and China, and unrest, terrorist threats, wars and other conflicts involving Ukraine, the Middle East and elsewhere have created increased global uncertainty. Such geopolitical tensions, along with trade disputes and regional conflicts, may result in economic instability, market volatility, and regulatory changes, which could impact our operations. Any restrictions on international trade and capital flows may have a negative impact on our ability to access capital and expand our operations. As a result, any of these events could have a material adverse effect on our business, financial condition, and results of operations.

For example, the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, administers laws and regulations that generally prohibit U.S. persons and, in some instances, foreign entities owned or controlled by U.S. persons, from conducting activities or transacting business with certain countries, governments, entities or individuals that are targets of U.S. economic sanctions. In the past, we have identified a small number of users on our platform that appear to have been located in countries that are targets of U.S. economic sanctions. We have taken measures to prevent such persons from accessing our platform, either as streamers or users, in a manner that would violate U.S. economic sanctions. However, we cannot ensure that such measures will be effective. While we believe that we have been, and that we continue to be, in compliance with applicable U.S. economic sanctions, our failure to employ appropriate safeguards with respect to streamers and users located in countries that are targets of U.S. economic sanctions may result in a violation of such laws. Non-compliance with applicable U.S. economic sanctions could subject us to adverse media coverage, investigations, and severe administrative, civil and possibly criminal sanctions, expenses related to remedial measures, and legal expenses, which could materially adversely affect our business, results of operations, financial condition and reputation.

In recent year, there have been increasing macro geopolitical tensions. These tensions have been marked by the imposition of higher tariffs and retaliatory measures from the United States and China, reflecting broader strategies to address perceived trade imbalances. Prolonged trade disputes may disrupt global economic conditions, potentially impacting our business and growth prospects. We cannot guarantee you that there will not be other measures that could negatively impact the international trades or increased level of geopolitical tension. If the relationship between these countries deteriorates, PRC companies listed on U.S. exchanges, including us, may be imposed additional compliance burdens and restricted access to U.S. capital markets.

Separately, we may also be subject to review and enforcement under domestic and foreign laws that screen foreign investment and acquisitions. In both the U.S. and non-U.S. jurisdictions, these regulatory requirements may treat companies differently based on the type of company in question and investor profile in the company. As a result of these laws, investments by particular investors may need to be filed with local regulators, which in turn may impose added costs on our business, impact our operations, and/or limit our ability to engage in strategic transactions that might otherwise be beneficial to us and our investors. These laws are also regularly changed and updated. For example, recently the Office of Investment Security of the U.S. Department of the Treasury issued a final rule (the "Outbound Investment Rule") to implement the Executive Order 14105, which provided for the establishment of a new national security regulatory framework to control outbound investment from the United States in certain sensitive industry sectors in the People's Republic of China, including Hong Kong and Macau. The Outbound Investment Rule took effect in January 2025 and restricts U.S. persons' direct and indirect investment into companies with specified connections to China that engage in specified "Covered Activities" within three areas of technology: semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems. Notably, President Trump issued the America First Trade Policy Memorandum on February 20, 2025, which proposes to further expand the set of technologies of concern. These rules may limit our ability to engage in certain kinds of business operations; they may also limit our ability to raise capital from U.S. and other sources if we engage in the development of such technologies of concern. Continuing changes in both U.S. and non-U.S. jurisdictions to foreign investment laws and rules could adversely affect our strategic initiatives, financial performance, and growth prospects.

Spammers and malicious software and applications may affect user experience, which could reduce our ability to attract users and advertisers and materially and adversely affect our business, financial condition and results of operations.

Spammers may use our streaming platform to send spam messages to users, which may affect user experience. As a result, our users may reduce using our products and services or stop using them altogether. In spamming activities, spammers typically create multiple user accounts for the purpose of sending a high volume of repetitive messages. Although we attempt to identify and delete accounts created for spamming purposes, we may not be able to effectively eliminate all spam messages from our platform in a timely fashion. Any spamming activities could have a material and adverse effect on our business, financial condition and results of operations.

In addition, malicious software and applications may interrupt the operations of our websites, our PC clients or mobile apps and pass on such malware to our users which could adversely hinder user experience. Although we have been successfully blocking these attacks in the past, we cannot guarantee that this will always be the case, and in the case of users experiencing a malware attack by using our platform, our users may associate the malware with our websites, our PC clients or mobile apps, and our reputation, business, and results of operations would be materially and adversely affected.

Our users may suffer from third-party fraud when purchasing our virtual currency and we may suffer fraud when selling virtual currency to users.

We offer our users multiple options to purchase *Yuchi*, our virtual currency. Users can purchase these virtual currencies directly on our web streaming portal, making in-app purchases using third-party payment channels. Other than the official purchase channels, there is no other means to purchase *Yuchi*. However, from time to time, certain third parties fraudulently claim that users can purchase *Yuchi* through them. If our users choose to purchase our virtual currency from such third parties, they may suffer losses from such fraudulent activities by third parties. Although we are not directly responsible for such fraudulent activities conducted by third parties, our user experience may be adversely affected and they may choose to leave our platform as a result. Such fraudulent activities by third parties might also generate negative publicity, disputes or even legal claims. The measures we take in response to such negative publicity, disputes or legal claims may be expensive, time consuming and disruptive to our operations and divert our management's attention.

We historically experienced multiple incidents where the users paid for our virtual currency through fraudulent methods, including illegal use of credit cards. While such incidents have decreased significantly given tightened regulation, we may lose all the revenue we were supposed to generate from the sales as we were not able to collect or recover on any of it when such incidents occurred. Although we have instated authentication mechanisms that help us detect such fraudulent paying methods, we still cannot guarantee that our mechanisms can prevent all fraudulent virtual currency purchases. These fraudulent transactions cause harm to our financial results and business operations.

We have incurred and will continue to incur additional costs as a result of being a public company.

As a public company, we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. These additional costs could negatively affect our financial results. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by Nasdaq, may increase legal and financial compliance costs and make some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts to comply with new laws, regulations and standards, we fail to comply, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Risks Related to Our Corporate Structure

There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that establish the VIE structure for our operations in China, including potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with the VIEs and, consequently, significantly affect the financial condition and results of operations performance of Douyu. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIEs.

Foreign investment in the value-added telecommunication services industry in China is extensively regulated and subject to numerous restrictions. Pursuant to the list of special management measures for the market entry of foreign investment, or the Negative List, published by the NDRC and the Ministry of Commerce in September 2024 and effective on November 1, 2024, with a few exceptions, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider.

We are a Cayman Islands company and our wholly-owned PRC subsidiaries are currently considered foreign-invested enterprise. Accordingly, our PRC subsidiaries are not eligible to provide value-added telecommunication services in China. To ensure strict compliance with the PRC laws and regulations, we conduct such business activities through Wuhan Douyu and Wuhan Ouyue, the VIEs. Wuhan Yule, our wholly-owned subsidiary in China, has entered into a series of contractual arrangements with the VIEs and their shareholders, which enable us to (i) be considered as the primary beneficiary of, (ii) receive substantially all of the economic benefits of the VIEs, and (iii) have an exclusive option to purchase all or part of the equity interests and assets in the VIEs when and to the extent permitted by PRC law. As a result of these contractual arrangements, we are the primary beneficiary of the VIEs for accounting purposes and hence consolidate their financial results as the VIEs under U.S. GAAP, to the extent the conditions for the consolidation of the VIE under U.S. GAAP are satisfied. See "Item 4. Information on the Company—4.C. Organizational Structure—Contractual Arrangements with The VIEs and The VIEs' Respective Shareholders" for further details.

If the PRC government finds that our contractual arrangements do not comply with its restrictions on foreign investment in the value-added telecommunication services, or if the PRC government otherwise finds that we or the VIEs are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the MIIT and SAMR, would have discretion in dealing with such violations or failures in accordance with applicable laws, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our PRC subsidiaries and the VIEs;

- imposing fines, confiscating the income from our PRC subsidiaries or the VIEs, or imposing other requirements with which we or the VIEs may not be able to comply; or

- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with the VIEs and deregistering the equity pledges of the VIEs, which in turn would affect our ability to consolidate or derive economic interests from the VIEs.

Any of these actions could cause significant disruptions to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations.

In addition, new PRC laws, regulations, and rules may be introduced to impose additional requirements, posing additional challenges to our corporate structure and contractual arrangements. For example, on February 17, 2023, the CSRC issued the Overseas Listing Trial Measures which became effective on March 31, 2023. At the press conference held for the Overseas Listing Trial Measures on the same day, officials from the CSRC clarified that, as for companies seeking overseas listing with VIEs and applying to file with the CSRC, the CSRC will solicit opinions from relevant PRC regulatory authorities and complete the filing of the overseas listing of such companies if such companies duly meet the compliance requirements. If we fail to complete the filing with the CSRC in a timely manner or at all for our further capital raising activities which are subject to filing requirements under the Overseas Listing Trial Measures due to the VIEs, our ability to raise or utilize funds could be materially and adversely affected, and we may be required to unwind the VIEs or adjust our business operations or conduct restructuring to meet the filing requirements. However, as the Overseas Listing Trial Measures were relatively new, it remains uncertain as to the interpretation, application, and enforcement of the Overseas Listing Trial Measures and how they will affect our operations in China and our future capital raising activities. If any of these occurrences result in our inability to direct the activities of the VIEs or our failure to receive the economic benefits from the VIEs and/or our inability to claim our contractual control rights over the assets of the VIEs that conduct substantially all of our operations in China, we may not be able to consolidate the entity in our consolidated financial statements in accordance with U.S. GAAP which could materially and adversely affect our financial condition and results of operations and cause our ADSs to significantly decline in value or become worthless.

Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.

Since PRC laws prohibit or restrict foreign equity ownership in certain kinds of business in China, we have relied and expect to continue to rely on the contractual arrangements with the VIEs and their shareholders to operate our business in China.

However, these contractual arrangements may not be as effective as direct ownership in providing us with control over our affiliated entities. Any of our affiliated entities, including the VIEs and its shareholders, could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. In the event that the shareholders of the VIEs breach the terms of these contractual arrangements and voluntarily liquidate the VIEs, or the VIEs declare bankruptcy and all or part of their assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to conduct some or all of our business operations or otherwise benefit from the assets held by our affiliated entities, which could have a material adverse effect on our business, financial condition and results of operations.

Most of the nominee shareholders of the VIEs are also beneficial owners of the Company, particularly, the sole shareholder of Wuhan Ouyue, Mr. Shaojie Chen, our founder, CEO and director, and the shareholders of Wuhan Douyu which includes Mr. Shaojie Chen and Mr. Wenming Zhang, our former co-founder. The enforceability of the contractual agreements between us, the VIEs and their shareholders depends to a large extent upon whether the VIEs and their shareholders will fulfill these contractual agreements. Their interests in enforcing these contractual agreements may not align with our interests or the interests of our shareholders. If their interest diverges from that of our company and other shareholders, it may potentially increase the risk that they could seek to act contrary to these contractual arrangements. If the VIEs or their shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective. Our contractual arrangements are governed by PRC law and provide for the resolution of disputes through litigation in China. Accordingly, these agreements would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC, particularly as it relates to litigation proceedings, is different from some other jurisdictions. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. We cannot assure you that these contractual arrangements could be enforced as we anticipate. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or enforced under PRC law.

There remain significant uncertainties regarding the ultimate outcome of such adjudication should legal action become necessary. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our affiliated entities, and our ability to conduct our business may be negatively affected.

We rely on contractual arrangements with the VIEs and their shareholders for our operations in China, which may not be as effective in providing operational control as direct ownership.

Due to PRC restrictions or prohibitions on foreign ownership of Internet and other related businesses in China, we operate our business in China through the VIEs and their subsidiaries, in which we have no ownership interest. We rely on a series of contractual arrangements with the VIEs and their shareholders, including the powers of attorney, to control and operate the business of the VIEs. These contractual arrangements entered into with the VIEs and their shareholders are intended to allow us to obtain economic benefits from them. See “Item 4. Information on the Company—4.C. Organizational Structure—Contractual Arrangements with The VIEs and The VIEs’ Respective Shareholders” for more details about these contractual arrangements. In particular, our ability to control the VIEs depends on the powers of attorney, pursuant to which Douyu Yule (our wholly-owned subsidiary in China) can vote on all matters requiring shareholder approval in the VIEs. We believe these powers of attorney are legally enforceable but may not be as effective as direct equity ownership.

Although we have been advised by our PRC counsel, Han Kun Law Offices, that each of the contractual arrangements among Douyu Yule, the VIEs and their shareholders is valid, binding and enforceable under existing PRC laws and regulations, these contractual arrangements may not be as effective in providing control over the VIEs and their subsidiaries as direct ownership. If the VIEs or their shareholders fail to perform their respective obligations under the contractual arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. Although Douyu Yule has an option, subject to the registration process with PRC governmental authorities, to purchase the equity of the VIEs, if the shareholders of VIEs do not cooperate or there are any disputes relating to these contractual arrangements, we will have to enforce our rights under these contracts under PRC laws through arbitration, the outcome of which is uncertain. These contractual arrangements are governed by and interpreted in accordance with PRC laws, and disputes arising from these contractual arrangements will be resolved through arbitration in China. However, there are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of arbitration should legal action become necessary. These uncertainties could limit our ability to enforce these contractual arrangements. In addition, arbitration awards are final and can only be enforced in PRC courts through arbitration award recognition proceedings, which could cause additional expenses and delays. In the event we are unable to enforce these contractual arrangements or we experience significant delays or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the VIEs and may lose control over the assets owned by the VIEs. As a result, we may be unable to consolidate the financial results of such entities in our consolidated financial statements, our ability to conduct our business may be negatively affected, and our operations could be severely disrupted, which could materially and adversely affect our results of operations and financial condition.

We may lose the ability to use and enjoy assets held by the VIEs and their subsidiaries that are important to our business if the VIEs and their subsidiaries declare bankruptcy or become subject to a dissolution or liquidation proceeding.

The VIEs hold certain assets that are important to our operations, including the ICP License, the Online Culture Business License, the Commercial Performance License, the License for Online Transmission of Audio-visual Programs and the Radio and Television Program Production and Operating Permit. Under our contractual arrangements, the shareholders of the VIEs may not voluntarily liquidate the VIEs or approve them to sell, transfer, mortgage or dispose of their assets or legal or beneficial interests exceeding certain thresholds in the business in any manner without our prior consent. However, in the event that the shareholders breach this obligation and voluntarily liquidate the VIEs, or the VIEs declare bankruptcy, or all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our operations, which could materially and adversely affect our business, financial condition and results of operations. Furthermore, if the VIEs or their subsidiaries undergo a voluntary or involuntary liquidation proceeding, their shareholders or unrelated third-party creditors may claim rights to some or all of its assets, hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Contractual arrangements we have entered into with the VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

Pursuant to applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by PRC tax authorities. We may be subject to adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among Douyu Yule, the VIEs and their shareholders are not on an arm's length basis and therefore constitute favorable transfer pricing. As a result, the PRC tax authorities could require that the VIEs adjust their taxable income upward for PRC tax purposes. Such an adjustment could increase the VIEs' tax expenses without reducing the tax expenses of Douyu Yule, subject the VIEs to late payment fees and other penalties for under-payment of taxes, and result in the loss of any preferential tax treatment Douyu Yule may have. As a result, our consolidated results of operations may be adversely affected.

If the chops of our PRC subsidiaries, the VIEs and their subsidiaries, are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised.

In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop, companies may have several other chops which can be used for specific purposes. The chops of our PRC subsidiaries, the VIEs and their subsidiaries are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safe, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. If any of our authorized personnel obtains, misuses or misappropriates our chops for whatever reason, we could experience disruptions in our operations. We may also have to take corporate or legal action, which could require significant time and resources to resolve while distracting management from our operations. Any of the foregoing could adversely affect our business and results of operations.

Our shareholders or the shareholders of the VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business.

The shareholders of the VIEs include persons who are also our shareholders or affiliates of our shareholders, and, in some cases, our directors or officers. Conflicts of interest may arise between the roles of them as shareholders, directors or officers of our company and as shareholders of the VIEs. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to our company to act in good faith and in the best interest of our company and not to use their positions for personal gain. The shareholders of the VIEs have executed powers of attorney to appoint Douyu Yule (our wholly-owned subsidiary in China) or a person designated by Douyu Yule to vote on their behalf and exercise voting rights as shareholders of the VIEs. We cannot assure you that when conflicts arise, these shareholders will act in the best interest of our company or that conflicts will be resolved in our favor. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

Additionally, we rely on our shareholders and the shareholders of the VIEs to secure, both at the internal and external level, all the necessary approvals, permits, filings or other formalities and proceedings in relation to their respective investment in us and/or the VIEs. We cannot assure you that our shareholders and shareholders of the VIEs have obtained all of such necessary approvals, permits, filings or other formalities and proceedings. The failure to obtain such approvals, permits, filings or other formalities and proceedings may adversely affect our business and results of operation.

We may rely on dividends paid by our PRC subsidiaries to fund cash and financing requirements. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business and to pay dividends to holders of the ADSs and our ordinary shares.

We are a holding company, and we may rely on dividends to be paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of the ADSs and our ordinary shares and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, a wholly foreign-owned enterprise in China, such as Douyu Yule, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such fund reaches 50% of its registered capital. These reserve funds are not distributable as cash dividends. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Substantial uncertainties exist with respect to whether the foreign investor's controlling PRC onshore variable interest entities via contractual arrangements will be recognized as "foreign investment" and how it may impact the viability of our current corporate structure and operations.

On March 15, 2019, the National People's Congress of the PRC adopted the PRC Foreign Investment Law, which came into force on January 1, 2020. The PRC Foreign Investment Law defines the "foreign investment" as the investment activities in China conducted directly or indirectly by foreign investors in the following manners: (i) the foreign investor, by itself or together with other investors establishes a foreign invested enterprises in China; (ii) the foreign investor acquires shares, equities, asset tranches, or similar rights and interests of enterprises in China; (iii) the foreign investor, by itself or together with other investors, invests and establishes new projects in China; or (iv) the foreign investor invests through other approaches as stipulated by laws, administrative regulations or otherwise regulated by the State Council. The PRC Foreign Investment Law keeps silent on how to define and regulate the "variable interest entities", while adding a catch-all clause that "other approaches as stipulated by laws, administrative regulations or otherwise regulated by the State Council" can fall into the concept of "foreign investment," which leaves uncertainty as to whether the foreign investor's controlling PRC onshore variable interest entities via contractual arrangements will be recognized as "foreign investment." Pursuant to the PRC Foreign Investment Law, PRC governmental authorities will regulate foreign investment by applying the principle of pre-entry national treatment together with a "negative list," which will be promulgated by or promulgated with approval by the State Council. Foreign investors are prohibited from making any investments in the industries which are listed as "prohibited" in such negative list; and, after satisfying certain additional requirements and conditions as set forth in the "negative list," are allowed to make investments in the industries which are listed as "restricted" in such negative list. For any foreign investor that fails to comply with the negative list, the competent authorities are entitled to ban its investment activities, require such investor to take measures to correct its non-compliance and impose other penalties.

The Internet content service, Internet audio-visual program services, radio and television production and operation and online culture activities that we conduct through our consolidated variable interest entities are subject to foreign investment restrictions/prohibitions set forth in the Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2024 Version). It provides that, with a few exceptions, foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider. In addition, foreign investors are prohibited from investing in companies engaged in online publishing businesses, Internet audio-visual programs businesses, Internet culture businesses (except for music), and radio and television program production businesses.

The PRC Foreign Investment Law leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. It is therefore uncertain whether our corporate structure will be seen as violating foreign investment rules as we are currently using the contractual arrangements to operate certain businesses in which foreign investors are currently prohibited from or restricted to investing. Furthermore, if future laws, administrative regulations or provisions of the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. If we fail to take appropriate and timely measures to comply with any of these or similar regulatory compliance requirements, our current corporate structure, corporate governance and business operations could be materially and adversely affected.

Risks Related to our American Depositary Shares

The market price for our ADSs may be volatile.

The trading price of our ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for our ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings, cash flow and data related to our user base or user engagement;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new product and service offerings, solutions and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our products and services or our industry;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies, including us, following periods of instability in the market price of their securities. Inolvement in a class action suit could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

Public companies listed in the United States that have a substantial majority of their operations in China have been the subject of short selling. Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market. If we became a subject of unfavorable allegations made by short sellers, whether such allegations are proven to be true or untrue, the market price for our ADSs may be adversely affected.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline.

The trading market for our ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our ADSs, the market price for our ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our ADSs to decline.

If securities or industry analysts do not publish favorable research, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our company. If we do not receive favorable research reports, the market price of our ADSs would likely decline. If the research analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for the ADSs to decline.

There is no guarantee that we will continue to pay dividend in the future, and you may need to solely rely on price appreciation of our ADSs for return on your investment.

Our board of directors approved and declared two special cash dividends in the amount of US$9.76 per ordinary share, or US$9.76 per ADS in July 2024 and in the amount of US$9.94 per ordinary share, or US$9.94 per ADS in February 2025, respectively. The aggregate amount of the dividend were approximately US$600 million. Our board of directors may declare, and our company may pay, dividends after taking into account the results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as they may deem relevant.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they come due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

The sale or potential sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. The ADSs representing our ordinary shares sold in our initial public offering are freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. The remaining ordinary shares outstanding will be available for sale, upon the expiration of a 180-day lock-up period from our initial public offering, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. To the extent ordinary shares are sold into the market, the market price of the ADSs could decline.

Certain holders of our ordinary shares may cause us to register under the Securities Act the sale of their shares. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the underlying ordinary shares which are represented by your ADSs.

As a holder of our ADSs, you will only be able to exercise the voting rights with respect to the underlying ordinary shares representing your ADSs in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will vote the underlying ordinary shares representing your ADSs in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying ordinary shares representing your ADSs unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our Fourth Amended and Restated Memorandum and Articles of Association, the minimum notice period required for convening a general meeting is 10 days. When a general meeting is convened, you may not receive sufficient advance notice to enable you to withdraw the shares underlying your ADSs and become the registered holder of such shares prior to the record date of the general meeting to allow you to vote with respect to any specific matter. In addition, under our Fourth Amended and Restated Memorandum and Articles of Association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depositary will use its best endeavors to notify you of the upcoming vote and to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to vote and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.

Except in limited circumstances, the depositary for our ADSs will give us a discretionary proxy to vote the ordinary shares underlying your ADSs if you do not vote at shareholders' meetings, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if you do not timely and properly give voting instructions to the depository as to how to vote the ordinary shares underlying your ADSs on a particular agenda item, the depositary will give us or our nominee a discretionary proxy for such agenda item(s) to vote the ordinary shares underlying your ADSs at shareholders' meetings if:

- we have timely provided the depositary with notice of meeting and related voting materials;
- we have instructed the depositary that we wish a discretionary proxy to be given;
- we have informed the depositary that there is no substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would not have a material adverse impact on shareholders; and
- the depository has received an opinion of counsel in form and substance satisfactory to the depository.

The effect of this discretionary proxy is that if you do not timely and properly give voting instructions to the depository as to how to vote the ordinary shares underlying your ADSs at shareholders' meetings, you cannot prevent such ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy. In addition, in the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with our constituent documents, the depositary will refrain from voting and the voting instructions received by the depositary from holders shall lapse.

Your rights to pursue claims against the depositary as a holder of ADSs are limited by the terms of the deposit agreement.

Under the deposit agreement, any action or proceeding against or involving the depositary, arising out of or based upon the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in a state or federal court in New York, New York, and you, as a holder of our ADSs, will have irrevocably waived any objection that you may have to the laying of venue of any such proceeding, and irrevocably submitted to the nonexclusive jurisdiction of such courts in any such action or proceeding. As a result, you, as a holder of our ADSs, may not initiate legal proceedings against or involving the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby, in any jurisdictions outside of a state or federal court in New York, New York, while proceedings against you may be initiated in a state or federal court in New York, New York or other jurisdictions. Notwithstanding the foregoing, subject to a specific federal securities law carve-out set forth in the deposit agreement, the depositary may refer any suit, action or proceeding to arbitration an arbitration under the terms described in the deposit agreement and, upon such referral, any such suit, action or proceeding instituted by an ADR holder(s) shall be finally decided in such arbitration rather than in such court. The arbitration provisions in the deposit agreement do not preclude you from pursuing claims under federal securities laws in federal courts. Also, we may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has nonexclusive jurisdiction over claims against or involving ADS holders arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of U.S. federal securities laws and the rules and regulations promulgated thereunder.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make such rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings in the future and may experience dilution in your holdings.

You may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks that it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement. As a result, you may be unable to transfer your ADSs when you wish to.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, a majority of our directors and executive officers reside within China, and most of the assets of these persons are located within China. As a result, it may be difficult or impossible for you to effect service of process within the United States upon these individuals, or to bring an action against us or against these individuals in the United States in the event that you believe your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of the PRC may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

Our memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

Our Fourth Amended and Restated Memorandum and Articles of Association contain certain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions, including a provision that grants authority to our board of directors to establish and issue from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares without action by our shareholders, the terms and rights of that series. These provisions could have the effect of depriving our shareholders and ADSs holders of the opportunity to sell their shares or ADSs at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our Fourth Amended and Restated Memorandum and Articles of Association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England and Wales, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies (except for our memorandum and articles of association and our register of mortgages and charges). Our directors have discretion under our memorandum and articles of association, to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

You must rely on the judgment of our management as to the use of the net proceeds from our initial public offering, and such use may not produce income or increase our ADS price.

Our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not improve our efforts to achieve or maintain profitability or increase our ADS price. The net proceeds from our initial public offering may be placed in investments that do not produce income or that lose value.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.

As an exempted company incorporated in the Cayman Islands that is listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. We have relied on and plan to rely on home country practice with respect to our corporate governance. Specifically, we do not plan to have a majority of independent directors serving on our board of directors or to establish a nominating committee and a compensation committee composed entirely of independent directors. We also do not plan to hold annual meeting of shareholders no later than one year after the end of fiscal year-end. For details, please refer to “Item 6. Directors, Senior Management and Employees—6.C. Board Practices—Board of Directors.” As a result, our shareholders may be afforded less protection than they otherwise would enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

We were likely a passive foreign investment company, or PFIC, for 2024 if the value of our assets is determined by reference to our market capitalization and there is a significant risk that we will be a PFIC for 2025 and possibly subsequent taxable years, in which case U.S. investors will generally be subject to adverse U.S. federal income tax consequences.

In general, a non-U.S. corporation is a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on a quarterly average basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is a generally passive asset for these purposes. Goodwill and other intangible assets generally are characterized as a non-passive or passive asset based on the nature of the income produced in the activity to which the goodwill or other intangible assets are attributable.

The assets shown on our balance sheet consist primarily of cash and bank deposits, and while this continues to be the case our PFIC status for any taxable year depends largely on the value of our goodwill and other intangible assets. The value of our goodwill and other intangible assets for any taxable year may be determined by reference to the average of our market capitalization for that year. Because generally our market capitalization has declined substantially in recent years, if the value of our goodwill and other intangible assets is determined by reference to the average of our quarterly market capitalization then we were likely a PFIC for our 2024 taxable year and certain prior taxable years. Due to our declined market capitalization, there is a significant risk that we will also be a PFIC for 2025 and possibly future taxable years. In addition, the extent to which our goodwill and other intangible assets should be characterized as non-passive assets is not entirely clear. We have not obtained any valuation of our goodwill and other intangible assets. As of December 31, 2024, we did not record any goodwill. U.S. holders of our ADSs or ordinary shares should consult their tax advisers regarding the value and characterization of our assets for purposes of the PFIC rules, which are subject to some uncertainties. Moreover, it is not entirely clear how the contractual arrangements between us, our wholly-owned subsidiaries, our VIEs and the shareholders of our VIEs will be treated for purposes of the PFIC rules, and we may be or become a PFIC for any taxable year if our VIEs are not treated as owned by us for these purposes. For these reasons, we cannot express an expectation as to our PFIC status for 2025 or any future taxable year.

If we are a PFIC for any taxable year during which a U.S. taxpayer holds ADSs or ordinary shares, the U.S. taxpayer generally will be subject to adverse U.S. federal income tax consequences, including increased tax liability on disposition gains and "excess distributions" and additional reporting requirements. This will generally continue to be the case even if we cease to be a PFIC in a later taxable year, unless a "deemed sale" election is made. See "Item 10. Additional Information—10.E. Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules."

If we were deemed to be an "investment company" under the Investment Company Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, results of operations and financial condition.

We intend to conduct our operations so that we will not be deemed to be an investment company under the Investment Company Act. Under Section 3(a)(1) of the Investment Company Act, an entity generally will be deemed to be an "investment company" for purposes of the Investment Company Act if, absent an applicable exemption: (a) it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading securities or (b) it is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities, and owns or proposes to acquire investment securities (other than U.S. government securities, securities issued by employees' securities companies and securities issued by qualifying majority-owned subsidiaries of such entity) having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are, and hold ourselves out as being, engaged primarily in the business of developing and operating online interactive gaming and entertainment livestreaming platforms, and not in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that the Company is what is frequently referred to as an "orthodox" investment company as defined in the Investment Company Act and described in clause (a) in the preceding paragraph. Furthermore, on an unconsolidated basis, at least 60% of the value of the Company's total assets (exclusive of U.S. government securities and cash items) consists of our indirect interest, through our wholly-owned subsidiaries, in Wuhan DouYu Culture Network Technology Co. Ltd. ("DouYu Yule"), our majority-owned subsidiary. We believe DouYu Yule is a qualifying majority-owned subsidiary for purposes of the 40% test described in clause (b) in the preceding paragraph, because DouYu Yule is primarily engaged in the business of online interactive gaming and entertainment livestreaming, and is not an investment company by virtue of Rule 3a-1 under the Investment Company Act. Under Rule 3a-1, an entity is generally deemed to be an "investment company" if, absent an applicable exemption, more than 45% of the value of its assets (exclusive of U.S. government securities and cash items) consists of, and more than 45% of its net income after taxes (for the past four fiscal quarters combined) is derived from, securities other than U.S. government securities, securities issued by employees' securities companies, securities issued by qualifying majority-owned subsidiaries of such entity and securities issued by qualifying companies that are controlled primarily by such entity. DouYu Yule's assets, consolidated with its wholly-owned subsidiaries (within the meaning of the Investment Company Act), consist primarily of trade receivables (including trade receivables due from related parties), prepayments, property and equipment, right-of-use assets, intangible assets that are not securities, and other assets (including assets reated to the VIEs) that we believe would not be considered securities for purposes of the Investment Company Act. Therefore, we believe that, consolidating DouYu Yule's wholly-owned subsidiaries (within the meaning of the Investment Company Act), no more than 45% of the value of its assets (exclusive of U.S. government securities and cash items) consists of, and no more than 45% of its net income after taxes (for the past four fiscal quarters combined) is derived from, securities other than U.S. government securities, securities issued by employees' securities companies, securities issued by qualifying majority-owned subsidiaries of DouYu Yule and securities issued by qualifying companies that are controlled primarily by DouYu Yule. Accordingly, we believe that DouYu Yule is not an investment company by virtue of Rule 3a-1 under the Investment Company Act, and therefore is a qualifying majority-owned subsidiary held through the Company's wholly-owned subsidiaries for purposes of applying the 40% test described in clause (b) in the preceding paragraph to the Company and such wholly-owned subsidiaries.

The need to comply with Section 3(a)(1) and Rule 3a-1 under the Investment Company Act may cause us to restrict our business and subsidiaries with respect to how we invest excess cash pending use in our business. In addition, if we no longer meet the requirements of Section 3(a)(1) and Rule 3a-1, and no other exemption is available to us, we may take other actions in order to conduct our business in a manner that does not subject us to the registration and other requirements of the Investment Company Act. This may include adjusting our cash management investments, which may result in lower rates of returns, and/or liquidating all or a portion of our investment securities (including potentially short- and/or long-term bank time deposits), including on unfavorable terms, and holding such amounts in cash, and/or acquiring assets or businesses that could change the nature of our business or potentially take other actions that may be viewed as adverse to the holders of our ADSs or ordinary shares, in order to conduct our business in a manner that does not subject us to the registration and other requirements of the Investment Company Act.

If anything were to happen which would cause the Company to be deemed to be an investment company under the Investment Company Act, we may lose our ability to raise money in the U.S. capital markets and from U.S. lenders, and additional restrictions under the Investment Company Act could apply to us, all of which could make it impractical for us to continue our business as currently conducted. This would materially and adversely affect the value of our ADSs or ordinary shares and our ability to pay dividends in respect of our ADSs or ordinary shares.

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

Corporate History

We commenced operations and launched our livestreaming platform in 2014 with the establishment of Guangzhou Douyu. Wuhan Douyu was established in May 2015. In February 2016, Guangzhou Douyu and Wuhan Douyu entered into an asset and business transfer agreement, pursuant to which Guangzhou Douyu transferred all of its business operations and assets to Wuhan Douyu (the "2016 Wuhan Douyu Restructuring").

In February 2016, Wuhan Douyu, Wuhan Ouyue, the successor of Zhejiang Ouyue, which was acquired by Mr. Shaojie Chen in November 2015, and Mr. Chen entered into a series of contractual arrangements, by which Wuhan Douyu may exert control over Wuhan Ouyue and consolidate Wuhan Ouyue's financial statements. In May 2018, such contractual arrangements were terminated and replaced by contractual arrangements between Douyu Yule, Wuhan Ouyue and Mr. Chen.

In June 2016, each of Yuxing Tianxia and Yuyin Raoliang was incorporated in the PRC by Wuhan Douyu. These entities focus on entering into business contracts with streamers.

In 2018, we undertook an equity restructuring in order to redomicile our business from the PRC to the Cayman Islands (the "2018 Restructuring"). We were incorporated in the Cayman Islands as the holding company of the Group, and through our wholly owned subsidiaries in the PRC, we entered into a series of contractual arrangements ("VIE agreements") with Wuhan Douyu, Wuhan Ouyue, and their respective shareholders. As a result of these contractual arrangements, we are considered the primary beneficiary of, Wuhan Douyu and Wuhan Ouyue for accounting purpose.

In July 2019, we completed an initial public offering in which we and certain selling shareholders offered and sold an aggregate of 6,738,711 ordinary shares in the form of ADSs. On July 17, 2019, the ADSs began trading on the Nasdaq Global Select Market under the symbol "DOYU."

In the first half of 2023, one of our domestic subsidiaries, Wuhan Yu Leyou Internet Technology Co., Ltd., started to develop the voice-based social networking business.

We are a holding company and do not directly own any substantive business operations in the PRC. We currently focus our business operations within the PRC through Douyu Yule and the VIEs. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure." Wuhan Douyu, Wuhan Ouyue and their respective subsidiaries hold our ICP License, the License for Online Transmission of Audio-visual Programs, the Online Culture Business License, and other licenses or permits that are necessary for our business operations in the PRC.

Our principal executive offices are located at 20/F, Building A, New Development International Center, No. 473 Guanshan Avenue, Hongshan District, Wuhan, Hubei Province, the People's Republic of China. Our telephone number at this address is +86 27 8775 0710. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc. located at 10 E. 40th Street, 10th Floor, New York, NY 10016. Our corporate website is www.douyu.com. The information contained in our website is not a part of this annual report.

The SEC maintains an Internet site at http://www.sec.gov that contains reports, information statements and other information regarding issuers that file electronically with the SEC.

4.B. Business Overview

As a pioneer player in the industry with solid brand awareness, we are a leading game-centric livestreaming platform in China. We aim to build an integrated game-centric ecosystem of livestreaming, video, voice, graphic content and other interactive and community features. We operate our platform both on mobile apps and PC portals, through which users can enjoy immersive and interactive games and entertainment livestreaming, access to a wide array of video and graphic contents, and participate in community events and discussions.

Hisotrically, our platform attracted a large number of highly loyal and engaged user base through both organic growth and traffic acquisition. As of December 31, 2023 and 2024, we had 493.9 million and 503.3 million registered users on PC and mobile apps, respectively. Our average mobile MAUs on the mobile platform was 44.5 million for the fourth quarter of 2024, representing a 13.9% year-over-year decrease from the fourth quarter of 2023. The decrease was mainly due to competition from short-video platforms that have been investing and offering more game-related content and services. However, we believe our diverse content offerings and interactive product features allow us to retain our core users and promote their engagement level. Our average next-month active mobile user retention rate was 66.1% and 64.0% over the preceding 12-month periods as of December 31, 2023 and December 31, 2024, respectively.

After achieving substantial scale through our initial investments in user acquisition and experience, we have been proactively managing our growth to accommodate our strategy of building a healthy and sustainable game-centric community ecosystem in a more cost-effective manner. As part of our efforts, we have strategically adjusted our streamer contract model to a combination of exclusive contract model and cross-platform content co-creation model. On the one hand, we enter into exclusive contracts with our top streamers whose performance meet our standards to ensure a consistent supply of quality content. On the other hand, we take an initiative to deploy a cross-platform content co-creation model, where streamers of our platform and other platforms will collaborate together to co-develop quality content. However, this strategic adjustment to our streamer structure has resulted in, and may continue to result in, a reduction in the size of our active users and our revenue. Even though we expect this strategic move may continue to have negative impacts to our revenue in the near-term future, we believe by fostering a healthy ecosystem with high operating efficiencies, we are able to manage our growth in a more cost-effective manner.

The passion for games and interactions among gamers and game enthusiasts extends beyond just playing. We believe China has a gamer community that is seeking interactive and engaging entertainment through game livestreaming, short video, voice, graphic content and community discussions. Despite being one of the first game-centric livestreaming platforms to make the foray into eSports, we have strategically expanded our content coverage beyond eSports and now mainly cover eSports, music, outdoor activities and talent shows to adapt to users' evolving needs. We have strategically reduced the purchase of certain eSports tournament copyrights and will continue to selectively stream eSports touraments with a strong focus on mobile gaming and entertainment. Our average mobile game MAUs were approximately 19.3 million and 13.5 million in the fourth quarter of 2023 and 2024, respectively.

We have built a powerful technology infrastructure to help ensure an optimized user experience. The optimized user experience attracts a large number of users on our platform and enables us to collect and analyze vast amounts of behavioral data leveraging our big data analytics capabilities. Through comprehensive content offerings and refined content categorization, customized recommendations and development of new products and features, we enhance user experience to attract new users and increase user loyalty.

We employ a multi-channel monetization model. We believe the vibrant and interactive game community created on our platform drives user satisfaction, which provides diversified opportunities for user spending. Leveraging a large number of viewers and a deep pool of streamers, our monetization channels primarily include livestreaming, innovative business and advertisement. Livestreaming is our main monetization channel and mainly involves sales of a wide array of virtual gifts. Our innovative business mainly includes voice-based social networking services and game-related services, which mainly involves sales of virtual gifts and game-specific membership to users, respectively. The average MAUs of our voiced-based social networking services is 475.9 thousand in the fourth quarter of 2024. Our large and highly engaged user base attracts advertisers from a wide spectrum of industries, which has contributed to our advertising revenue. In addition, we generate a small portion of revenue from game distribution, which involves revenue-sharing arrangements with game developers and publishers.

OUR BUSINESS

Content on Our Platform

We are dedicated to providing a wide range of game-centric integrated content ranging from livestreaming, video, voice, graphic contents to community features, with a primary focus on games. We have been expanding our content offerings beyond eSports to cover more types of non-eSports games to target a wider game audience. Our diverse content offering also covers other entertainment options such as talent shows, music and outdoor activities to better serve a broad user base and cater to diverse interests.

Games

Games content has been our focus since inception. A majority of our streamers were game streamers and game streaming also contributed significantly to the total viewing hours on our platform. Our sizable user base, deep pool of streamers and strong brand awareness allow us to secure coveted game content. To realize our long-term healthy development, we will proactively identify new trending games and cultivate high-potential streamers of popular mobile games in a cost-effective manner.

Our dynamic game streaming content includes eSports games, as well as other games genres such as role-playing games, simulation games, console-based games and casual games.

Coveted Access to Premium Game Content

As game content is primarily accessible online, game developers and publishers have been cooperating with livestreaming platforms to promote the awareness and popularity of newly published games. As a result, we may be essentially positioned to help connect downstream users with upstream game developers. We believe livestreaming platforms such as our platform played a significant role in the commercial success of some of the major games. This mutually beneficial relationship has solidified our partnerships with major game developers and publishers.These partnerships give us access to premium quality game content that attracts a number of enthusiastic viewers to our platform.

We differentiate ourselves from other platforms streaming game content by creating our proprietary content involving popular streamers for better viewing experience. We believe that our proprietary content and features provided will further increase the popularity of games. On our official streaming channel, we produce commentary programs during, before and after matches to provide live commentary, informed match previews and post-match reviews by professional players. In addition, our platform has incorporated an on-demand playback function and developed a series of relevant video clips, graphics and community discussions, all tailored to satisfying viewer demand and improving the viewing experience.

eSports Team Professionals or Collaboration

We sponsor, promote and collaborate with professional eSports teams who either display our brand in eSports tournaments or produce exclusive content, including play-through, training, tutoring and commentating on eSports tournaments. We sponsor various leading eSports teams internationally and domestically.

Under our collaborative framework, we have the naming rights of certain teams we sponsor and their related products. We have the right to commercialize the popularity of their team members, and we may have exclusive intellectual property rights to certain content generated by the members of the teams we sponsor. We also have the right to arrange various activities and events for them and receive a portion or all of the revenues generated thereof. In return, we pay a sponsorship fee and promote the sponsored teams on our platform. Our sponsorship of eSports teams allows us to discover and recruit high-quality streamers more efficiently as professional players naturally have more competitive advantages in becoming top-performing game streamers.

Non-eSports Games

We have been expanding our content offerings beyond eSports to cover more types of non-eSports games. We endeavor to cover more game genres, deepen cooperation with more game developers and strengthen the operation management of each game by leveraging our integrated content. Since non-eSports gaming content is better-viewed in the graphic and video format, we have upgraded our products to integrate livestreaming, video, graphics with community features for better user experience.

Organization of Game Tournaments

We organize our own gaming tournaments, whose participants are often our streamers and viewers, as well as streamers from other platfroms, which add on to the interactive nature of our platform and enhance the user experience. For example, in some of these self-organized tournaments, our streamers lead teams formed by our viewers to compete with each other. We livestream these tournaments and promote them by partnership with certain media outlets. Our self-organized eSports tournaments further expand our content offering and bring monetization opportunities of selling sponsorship rights to third-party sponsors.

Other entertainment content

To accommodate our users' diverse interests and retain our strong game-centric traffic, we have expanded our content to include a wide spectrum of livestreaming and voice-based entertainment options, such as talent shows, music, outdoor and travel. This helps promote our brand, attract a diverse user base, increase user monetization potential and drive user engagement and retention.

Video and graphics

In addition to providing livestreaming content, we also offer video clips and graphics on our platform, which supplements our comprehensive content offerings to better serve users' evolving needs. Our video and graphic contents are uploaded by live-streamers, content creators and users. Video clips include replays of selective livestreaming content and other engaging and diversified content. Graphics include game guides, tutorials, news and other types of content.

We encourage our streamers and users to create and generate more videos and/or graphic content on our platform by introducing creative and user-friendly content production tools. The flexibility of video clips and graphic edits allow streamers and users to explore more content genres and therefore enhances user engagement.

Community

We organize and operate a wide array of game-specific communities on our platform, which offer high-quality game content that integrates livestreaming, video, graphics contents with community features, providing users with bespoke experience based on their game preferences. Normally, each community corresponds to one game. The community's content display preference is tailored to each game's characteristics and features, which is aimed to meet the diverse and evolving needs of our users, and to further foster user engagement and stickiness.

Our Users

We have a large and engaging young user base with willingness to spend and share on social networks. As of December 31, 2023 and 2024, we had 493.9 million and 503.3 million registered users on our PC and mobile apps, respectively. Our average mobile MAUs decreased from 51.7 million in the fourth quarter of 2023 to 44.5 million in the fourth quarter of 2024, primarily due to competition from short-video platforms which have been investing and offering more game-related content and services.Due to the same reason, our average mobile game MAUs were approximately 19.3 million and 13.5 million in the fourth quarter of 2023 and 2024, respectively.Our user base is also loyal and highly engaged. In 2024, our average next-month active mobile user retention rate was 64.0%, and was 66.1% in 2023. We strive to cultivate the paying habits of our users. Our quarterly average paying users were 3.7 million and 3.3 million in the fourth quarter of 2023 and the fourth quarter of 2024, respectively. We have experienced in the past and may continue to experience decrease in our paying users due to our cost-effective operating strategies of focusing on maintaining core paying users under the prolonged soft macroeconomic enviornment.

Given the lifestyle of younger generations, our users tend to be young individuals who enjoy games and other visual and audio entertainment content through livestreaming, while socializing with others on a real-time basis. We target a young user base by establishing our brand in comprehensive gaming content and offering features popular among the younger generation on our platform. We believe their willingness to spend more time and to pay grows in parallel with their income as they age.

Our Streamers

Our streamers are the primary source of new content on our platform. A majority of our registered streamers and exclusive streamers were game streamers who are professional or recreational game players that enjoy playing games and sharing their skills and insights. Our streamers also include self-made entertainers such as singers who can utilize our platform to showcase their skills, talents and ideas. Being a social phenomenon in China, streamers are similar to key opinion leaders or social icons who have gained popularity among the younger generation. As the population of streamer population grows and their needs to commercialize their popularity continue to rise, we believe we can serve as the medium to facilitate the monetization of this social phenomenon.

We entered into exclusive contracts with our top streamers whose performances meet our standards. In addition, we entered into collaborative agreements with talent agencies which are associations of streamers that organize streaming activities for their member streamers and promote them. Talent agencies provide us with a diversified pool of streamers. Since 2024, we have also been exploring a cross-platform content co-creation model, as well as a flexible non-exclusive contract model. For details, please refer to "—Streamer Engagement."

Streamer Engagement

Our platform engages streamers primarily in three ways: (i) exclusive contracts with streamers directly or through tri-party contracts among us, steamers and their talent agencies; (ii) cross-platform content co-creation model; and (iii) self-registration by streamers.

Exclusive Contract Model

We primarily enter into exclusive contracts with top individual streamers directly, or through tri-party contracts among us, certain top individual streamers and the talent agencies to which such streamers belong. The exclusive contract model is an important way to recruit and retain high-quality streamers.

Our exclusive contracts have exclusivity clauses that require streamers to livestream on our platform only during the contract term. In addition to revenue sharing of a portion of virtual gift sales and advertisement sales, we also set compensation terms based on the popularity of the content and the user traffic it generates. As such, our exclusive streamers are incentivized to produce engaging content that attracts more viewers and promotes spending on our platform.

We have the right to commercialize the streamers and the content they produce as our intellectual property under the exclusive contract model. We promote and monetize the popularity of our exclusive streamers through online and offline commercial activities. The typical contract term is three to five years since our inception and may be renewable upon mutual consent. Since 2024, term of most of the renewed contracts is one year. After signing, we are responsible for arranging commercial activities for them. Under this contract model, we may establish certain performance-based target for the exclusive streamers. Utilizing our big data analytic capabilities, we allocate the livestreaming hours for these streamers to match user activity levels to maximize our operational efficiency. We may also provide guidance over the content streamed by exclusive streamers. We have dedicated teams that focus on signing exclusive streamers broadcasting different genres of content to diversify our content offering.

Cross-platform Content Co-creation Model

We may enter into cooperation agreements with other livestreaming platforms to co-create or share content created by streamers from both platforms. At the current stage, we are exploring this experimental model and the revenue and user traffic generated from this model are insignificant to both our platform and our partner platform.

Self-Registration Model

A large number of streamers self-registered on our platform to share their enthusiasm in games. The self-registered streamers are usually attracted to our platform by virtue of our reputation and scale. They form a large talent pool providing steady supply of future popular streamers.

Streamer Discovery and Development

With the help of our comprehensive performance metric analytical system, we identify streamers with potential. These metrics include the quality of a streamer's content, activity levels and user engagement. After identifying streamers with potential, we put them into different categories according to the demographics that they likely will appeal to and help direct traffic from their target users. If these streamers perform well after a monitoring period, we may consider to sign exclusive contracts with them and help further promote them.

Leveraging our unique industry insights and proprietary big data analytics capabilities, we establish development plans for streamers which not only optimize the content they produce, but also help guide the streamers to focus on trendy topics and increasing the streamers' positive public exposure. We promote streamers' content on and outside of our platform, boost their popularity through traditional media channels and provide them with opportunities to attend online and offline activities where they can further increase public exposure.

Streamer Retention

We retain our streamers by maintaining the attractiveness of our platform. Our streamers enjoy broad exposure to the user base on our network. We also invest in streamers' professional development by providing online and offline promotion activities to propel them to greater stardom.

We take steps to mitigate the risk of losing our streamers to other platforms. For every streaming genre or section, we have several popular streamers that are in friendly competition with each other to avoid a monopoly by one streamer. This also helps to attract viewers who may be viewing at different times of the day. We also try to discover and cultivate emerging streamers to continuously replenish our streamer base. Our streamers are also subject to certain non-compete clauses during or after the contract period.

Monetization Opportunities

We generate revenue through sales of virtual gifts during livestreaming, innovative business, advertisement services and others.

Livestreaming

We derive a substantial portion of our revenues from livestreaming, mainly from the sale of virtual gifts. In 2022, 2023 and 2024, we generated RMB6,797.3 million, RMB4,799.0 million and RMB3,073.9 million (US$421.1 million) respectively from livestreaming, representing 95.6%, 86.8% and 72.0% of our total net revenues for the same periods. In 2024, we had a total of 6.1 million annual paying users, and 5.6 million annual mobile paying users.

Users are able to purchase virtual gifts on our platform using our virtual currency and send them to streamers as a gesture of appreciation or support. Users can purchase the virtual currency on our site via various online third-party payment platforms. In addition to purchasing these virtual currencies on our site, users can purchase virtual currencies from our online store at third-party websites such as *Tmall.com*. The price of our virtual currency does not change and virtual currency does not expire. However, virtual currency is non-refundable and may not be converted back to cash or be transferred between users.

When a streamer receives a virtual gift, that virtual gift is displayed in his or her profile. We share with our streamers revenue from virtual gift sales. We also offer other subscription-based privileges to incentivize user spending, such as our premium monthly subscription service, a prepaid package that encourages user spending.

A wide variety of virtual gifts are available to our users, with prices ranging from approximately RMB0.1 to approximately RMB5,000. We provide an innovative and diverse selection of virtual gifting to convert our active users to paying users and constantly release new virtual goods that are related to events and trendy topics to foster users' healthy spending willingness.

To navigate market dymanics, we have been proactively managing our livestreaming business to accommodate our strategy of building a healthy and sustainable game-centric community ecosystem in a more cost-effective manner. As part of these efforts, we have been implementing "cost-effective operating strategies", where (a) we have adjusted certain interactive features and operational activities in our livestreaming business with the goal of discouraging excessive user consumption and irrational user consumption patterns on the platform since the beginning of 2022, and (b) we have been focusing on live-streaming activities with high operating efficiencies. Additionally, we have been shifting our attention towards (a) optimizing our streamer structure, and (b) cultivating paying users who exhibit stronger user stickiness and a willingness to pay. In 2024, we continued to execute our cost-effective operating strategy under the prolonged soft macroeconomic environment and competition from short-video platforms focused on maintaining the size of our core paying users by offering more affordable virtual gifts to encourage their consistent spending behavior. As a result, the decreases in both number of paying users and average revenue per paying user led to a year-over-year decrease in our livestreaming revenue.

Innovative business, Advertisement and Others

We generate revenues from innovative business, advertisement and other services, including voice-based social networking services, game-related services, brand advertisements, game advertisements and to a lesser extent, game distribution and other game-related services. Our innovative business, advertisement and other revenue was RMB310.9 million, RMB731.4 million and RMB 1,196.9 million (US$164.0 million) respectively in 2022, 2023 and 2024, which constituted approximately 4.4%, 13.2% and 28.0% of our total revenues for the same periods.

Innovative business

Our innovative business mainly include voice-based social networking services and game-related services as key components of our revenue diversification strategy.

Voice-based Social Networking Services

We offer voice-based social networking services through a separate app since the first half of 2023, where we provide chatroom livestreaming services and facilitate other forms of audio-based interactions. The hosts are able to connect with users via their chatrooms – hosts and users are able to interact through audio on a real time basis, and users are able to purchase and send virtual gifts as a gesture of appreciation or support to the host. The average MAUs of our voiced-based social networking services is 475.9 thousand in the fourth quarter of 2024. We monetize voice-based social networking service through sales of virtual gifts, and to a lesser extent, subscription-based membership services and virtual customization options.

Game-related Services

Our game-related service is designed to meet users' evolving needs for in-game items. Users who purchase gaming memberships on our platform receive loyalty points and can earn additional points by completing platform-based tasks. These points can be redeemed for game props purchased from game developers and exclusive platform benefits during select livestreaming sessions. We have deep collaboration with game developers and promote game props sales such as game-specific memberships, through streamers, content creation and operational activities.

Advertisement

Our value proposition to advertisers is driven by our brand recognition and engaged user base. We offer a full suite of precise and effective advertisement products and marketing strategies, attracting a large number of advertisers. We distribute advertisements in manners such as: (i) integrated promotion activities during livestreaming, where advertising partners integrate their service or products with livestreaming programs through active promotion by our streamers; (ii) traditional display advertisements in various areas of our platform; and (iii) online and offline events-related advertisements. As integrated promotion activities and online and offline events-related advertisements cause fewer interruptions to our users while offering greater potential due to less time and space restrictions than traditional display advertisements, they are an important part in our advertisement revenue.

Our streamers must sign advertisement contracts with us and are entitled to a portion of the fees. A direct contract between the advertiser and our streamer is not permitted. The price of our advertising services depends on various factors, including the form and size of the advertisement, the popularity of the content or event in which the advertisements will be placed and specific targeting requirements.

Our traditional display advertisements include, but are not limited to, full screen advertisements, slides, banners, links, videos, logos and buttons. We offer advertisement placements on our home page. Such placements may stay on the top or bottom of the streaming interface or appear as pop-ups.

For integrated promotion activities during livestreaming, we usually cooperate with third-party advertising agencies to identify advertisers to place orders with us. For traditional display advertisements, we usually work with advertisers directly. Our advertising agency partners include members of the American Association of Advertising Agencies, or the 4As, and other leading Chinese advertising agencies. We have been building connections with our advertisers and plan to sign more contracts with them directly going forward.

Our brand and game advertising contracts are usually in the form of collaborative frameworks for a given period of time. Brand advertising contracts require third-party agencies to generate sales exceeding certain thresholds and the third-party advertising agencies are generally billed upon each advertisement and are required to pay promptly. For game advertisements, we provide links to the advertisers' games on our platform and are entitled to fees such as incentive fees for effective registration solicited through our platform, and we also utilize soft-product placements or ask our hosts to produce play-throughs of the games we promote.

Others

We generate a small portion of our revenues from other services, such as game distribution services. With many of our audience being gamers, we believe our platform is a prime gateway for distributing games from developers and publishers to their target customers. Based on revenue-sharing contracts with developers and publishers of mobile and web-based games, we usually receive fees based on transaction volume our platform relating to the games we distribute. These revenue-sharing arrangements are usually in the form of collaborative frameworks for a period of time, which may be renewed in good faith upon expiration.

Our Platform

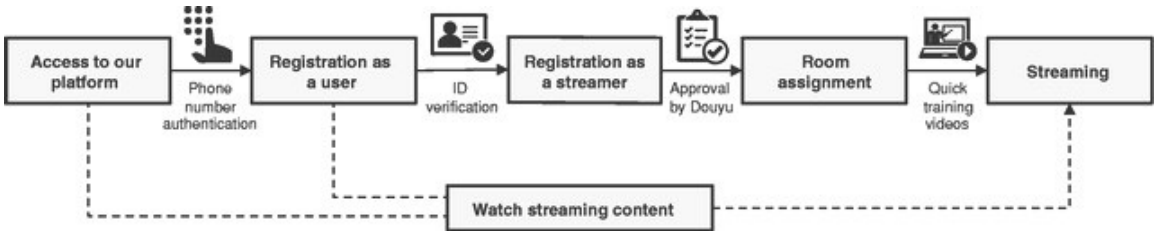
Our platform offers unique features to our users, such as content recommendation and search, data analytic tools and room control. With its diverse content offering and advanced technological features, we believe our platform creates an interactive, engaging and fun community.

Livestreaming Process and Platform Interface

We operate our platform on mobile apps, websites and the PC application, through which users can enjoy immersive and interactive games and entertainment livestreaming.

Streaming Process

Livestreaming is conducted in the form of real-time streaming units, also known as rooms or channels, on our website, mobile apps. The following flow chart illustrates the viewing and streaming process:



To broaden our user base, we allow users to watch livestreaming on our platform without registration, either through our website or mobile apps. To become a streamer, a user must register on our platform and verify his or her identity with a government issued ID. As a result, certain of our streamers are also active users as well as paying users on our platform. After the streamer's identity is verified, he or she may apply to create a new room for streaming. Once a room or channel is created, our streamers may customize video, audio and other room settings. We provide streamers and room managers with administrative accounts and they are responsible for monitoring and ensuring that their rooms' content comply with our terms of service. We usually assign one room to one streamer, who can then connect with other streamers using our livestreaming platform to co-stream together. During streaming, viewers are able to interact with streamers and with each other mainly through bullet chats, and browse game-related and other content in the livestreaming room.

Access Our Streaming Platform

Viewer Access

We developed mobile streaming apps, as well as a web-based streaming portal and its supplemental applications, to provide comprehensive viewing experiences for our viewers. Viewers can access our platform via our mobile app Douyu Livestreaming (斗鱼直播) including its associated mini programs, our web portal at www.douyu.com or PC application *Douyu PC Client* Portal ("斗鱼PC客户端"). Our mobile streaming app and web portals offer substantially similar functions and features, with our mobile streaming app providing simplified and easy to use functions tailored for mobile users.

Viewer Features

Our viewers have access to the following features:

Watching, following and sharing. When watching a livestream or videos on our platform, viewers have the option to specify screen resolutions, screen size and stream quality, or have the platform automatically adjust the settings based on their Internet connection. Viewers may choose to click on the "follow" button in a stream room to follow the streamer and receive notifications for future streaming. Viewers are also able to share links to livestreams on social media platforms.

Interaction. Bullet chatting is featured on our platform to allow viewers to post messages that glide across the screen. Bullet chats are visible by all viewers who watch the same livestream, stimulating interactions among viewers. Viewers can also communicate with each other or the streamer in real time through our regular chat room function. Lastly, viewers can initiate direct voice chat requests with the streamers and other viewers.

Content catalog and recommendations. With our advanced matching algorithm and massive user data base, we are able to generate an individualized front page containing content recommendations for each user after they have signed in. To help our users navigate and explore our selection of livestreaming rooms, we have created online catalogs grouped by categories for our users. These online catalogs are also searchable by keywords, game titles, streamers' names and room numbers.

Purchasing and gifting. Viewers can purchase various virtual gifts on our platform with virtual currencies and send them to streamers. In addition, we offer features such as "Streamer Tailor-made Gifts" that allow popular streamers to design unique gifts to be purchased by their followers. See "—Monetization Opportunities—Livestreaming." Purchases and payments may also be made through third-party platforms.

Other social features. We also develop new products and features to enhance user experience and increase user engagement. We introduced new tab called Buzz ("动态") on the main interface of the Douyu App in November 2023, providing users with real-time updates on streamers they follow. Each livestreaming room is embedded with a plug-in, namely *Hot Chat* ("热议"), which collects and displays all the hot topics and user posts on our platform. In addition, our users, streamers and game developers may join *Yu Bar* ("鱼吧") is a short- blogging community where all participants can interact with each other by posting and replying to short blogs.

Streamer Access

In addition to accessing our PC portal and mobile applications, streamers can easily livestream through the streaming applications we specifically developed for them, including our PC application *Douyu Streaming Assistant* ("斗鱼直播伴侣") and the mobile app *Douyu Game-centric Streaming Assistant* ("斗鱼直播助手"). With our mobile app, our streamers can stream anywhere and anytime. Streaming outdoor activities, which has become popular among younger users, is made more convenient with our mobile app.

Streamer Features

Our streamers have access to the following features to optimize the streaming experience:

Streaming and uploading. Our platform synchronizes and integrates multimedia streams, including audio and video streams and picture display, into one livestreaming output. Streamers can easily start livestreaming utilizing our easy-to-use interface. Streamers may also appoint room managers, make announcements, send notifications to viewers and change the room's title. Other than livestreaming, streamers can store streaming archives on Douyu Streaming Video ("斗鱼视频") and upload to their profile page for their followers to watch or revisit after the livestreaming. Streamers may also set up an account in *Yu Bar* ("鱼吧"), a short-blogging community where they can interact with their followers by posting and replying to short blogs.

Performance analytical tools. Our platform provides certain analytical tools for streamers to monitor their performance statistics in real time. These performance statistics include user traffic and changes, number of chats and comments and related highlighted summary, user viewing hours and play back times, and number of virtual gifts received.

Facial beautification. Streamers on our platform can utilize the beautification tools on our platform to improve their appearances during streaming. Our facial beautification feature has been serving many streamers as a useful tool since its launch.

Our Technology

Our advanced technology infrastructure and capabilities allow us to efficiently and effectively provide our services with superior user experience. Our platform incorporates the following features:

Proprietary P2P Technology

Our internally developed CDN and P2P technologies bring advanced distribution and transmission technologies with a high utilization rate and improved distribution effect. Our technologies have refined bandwidth resource scheduling capability and infrastructure framework to reduce redundant overhead, and enable proactive self-adjustment of resource distribution based on the prediction of the bandwidth usage throughout the whole platform. Our technologies also optimize costs by leveraging the preferential billing rates of some suppliers.

Video and Audio Quality

We strive to adopt the latest video and audio industry standards across multiple devices and networks. Our state-of-the-art technology allows us to provide smooth audio-visual transmission while minimizing the bandwidth used in the transmission of our content, while minimizing to minimize data loss and jitter. Our mobile apps are designed to run smoothly on all mobile phones. Our PC and mobile apps support blue-ray and full HD high quality livestreaming.

Content Recommendation

Since 2016, we have been investing considerable resources in developing and implementing an individualized content recommendation system. This system is built on the user data that we have accumulated over the years, analyzed through algorithms embedded in our cutting-edge AI and machine learning capabilities. We upgrade our platform's search function with deep learning technology for more accurate content indentification and categorization. Our content recommendation system precisely matches users with their favorite kinds of content.

Image Recognition

Leveraging advanced cloud-based recognition technology, we are able to add tags to the livestreaming content on a real-time basis, which allows the users to perform real-time secondary screening based on streaming content.

Advanced Streaming Capabilities

Our technology infrastructure enables real-time multicast video streaming and communication between users across multiple devices. The technology infrastructure underlying our platform can support simultaneous viewing from tens of millions of devices. Utilizing peer-to-peer technology, we have also minimized the bandwidth used in transmission of our content. We believe our advanced video compression techniques enable better streaming experience.

Cloud-based Network Infrastructure

Our team of experts developed a cloud-based network infrastructure specifically designed to handle multi-party audio-and video-enabled real-time online interactions. We own several servers that are hosted in one Internet data centers in China, and engaged multiple industry leading cloud service providers in China to maintain our network infrastructure. Our cloud-based network infrastructure provides quality data delivery and allows multiple users to interact online from anywhere in China easily and with minimal delay.

Automated Production of Content

Leveraging our proprietary audio and video recognition technology, users are able to grade and upload the videos on our platform. Our streaming analytical tools is also designed to automatically capture the highlighted content based on statistics analysis of streamers' performance. Such selected content is then edited and uploaded to our platform as per streamers' preferences.

Content Monitoring System

Our livestreaming platform contains real-time content, which we monitor to maintain a healthy ecosystem and ensure compliance with PRC laws and regulations. We have developed a comprehensive system to monitor content on our platform and filter inappropriate and illegal content and content that may infringe on the intellectual property rights of third parties.

We developed the following mechanisms to monitor the content on our platform:

- *AI-backed Automatic Detection Process.* We utilize an automatic system to monitor our platform and the data generated in our system for sensitive key words or questionable materials on a real-time basis. The text identification system screens text content based on preset key words and an anti-spam system; the picture identification system screens picture content based on optical character recognition and illegal content detection; and the audio identification system screens audio content by converting it into text content and analyzing for illegal content. We have also developed an in-house proprietary monitoring system that takes screenshots of our livestreaming channels every 10 seconds based on our "smart" image detection technology. We further shorten the screenshots frequency on popular and pan-entainament livestreaming channels up to every 2 seconds this year, as part of our effort to further enhance content monitoring procedures. Our system has machine learning capability and will update our database automatically.

- *Manual Review.* All of the automatic detection results that are escalated are reviewed by our content monitoring staff manually. We have a dedicated content monitoring team who also proactively check our rooms on a 24/7 basis for inappropriate or illegal content. In addition, we provide timely and frequent trainings to our content monitoring team.

- *Self-regulation system by streamers, room managers.* We require streamers and room managers to monitor the content in their rooms and ensure that their rooms' content complies with our terms of service. We provide streamers and room managers with administrative accounts, which give them special privileges such as forcibly removing or banning viewers

from the room. Streamers and room managers are incentivized to ensure the compliance of their room with our terms of service pursuant to our policies.

- *Report by users.* Our users are encouraged to report any noncompliance of our terms of service via the "report" button on our website and mobile apps. We review users' reports on a 24/7 basis and strive to resolve each report within 90 seconds. Reporting users are entitled to awards in the form of our virtual currency, should their reports be considered valid.

We deal with violations of varying severity in accordance with our strict policies and applicable regulations. Our actions may include warnings, cutting off or temporary suspension of the room and/or account for minor violations, with follow-up reviews to ensure effective enforcement and rectification. For serious violations, the relevant account is deleted permanently and all virtual currency and items are forfeited, and the room may be permanently closed. Our streamers agree to indemnify us for all damages arising from third-party claims against us caused by the infringing content produced by them.

Teenager Mode

We also place great emphasis on the protection of minors. When our users sign in our platform, a pop-up window will automatically be opened and our users can elect to be identified as a teenager. Once identified as a teenager, our users will sign into our teenager mode, where we would filter out and display contents that are suitable for minors. The users of teenager mode are not allowed to purchase virtual gifts or currencies, send virtual gifts, send bullet chats, or host livestreaming on our platform. In addition, the users of teenager mode are prohibited from accessing our platform from 10 p.m. to 6 a.m. every day. In teenager mode, if the total time spent in a single day exceeds 40 minutes for a user, the user will be required to enter the guardianship password to continue using our platform.

Our Relationship with Tencent

Tencent became a shareholder of Wuhan Douyu, one of our wholly-owned subsidiaries, in April 2016 when it purchased certain of Wuhan Douyu's shares through Linzhi Lichuang, an entity controlled by Tencent. Tencent subsequently increased its investment in Wuhan Douyu by purchasing shares in Wuhan Douyu's subsequent rounds of financing and in our company by subscribing for Series E Preferred Shares. As of March 31, 2025, Tencent holds approximately 40.0% of our total outstanding ordinary shares through its wholly-owned subsidiaries, Nectarine and Distribution Pool Limited, representing 40.0% of our total voting power. See "Item 6. Directors, Senior Management and Employees—6.E. Share Ownership."

On December 20, 2017, we and Tencent, through our respective PRC affiliated entities, entered into a strategic cooperation agreement (the "**SCFM**"), which became effective on January 31, 2018 and was subsequently replaced by the Amended and Restated SCFM dated April 1, 2019 and further renewed on June 4, 2024. Pursuant to the Amended and Restated SCFM, the parties agreed to pursue strategic cooperation in various areas of game livestreaming, advertisement and game distribution. We plan to promote content related to games owned by or licensed to Tencent at certain prominent places of our platform. The specific location, content, and operations of the cooperation between Tencent and us are subject to further negotiation pursuant to market principles. The Amended and Restated SCFM has a term of three years, which may be renewed if certain conditions are met. We also use CDN, P2P streaming technologies, online payment and website technology support services provided by Tencent and engage in other related party transactions with Tencent. See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions."

For risks in connection with our relationship with Tencent, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We may not realize the benefits we expect from our strategic cooperation with Tencent, which may materially and adversely affect our business and results of operations" and "Item 3. Key Information—3.D. Risk Factors—Certain existing shareholders have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders."

Branding and Marketing

Leveraging our diverse and quality content offerings, optimal user experience and deep pool of talented streamers, we believe that we have built significant goodwill and brand awareness among viewers and streamers. Our market position benefits significantly from our large and engaged user base and word-of-mouth effect.

In addition to word-of-mouth marketing, we also promote our brand awareness by sponsoring leading eSports teams and organizing proprietary eSports tournaments.

Competition

The game-centric content offering service is an emerging industry in China. As one of the leading players in this market, we face competition from providers of similar services, and other online entertainment platforms. Other game-centric livestreaming competes directly with us for viewers and streamers. In addition, we compete with other large video streaming platforms, short or medium video platforms, social media platforms and other platforms offering online game-related content and services, as well as online entertainment. We believe that our ability to compete effectively for users depends upon many factors, including the quality and variety of our content, user experience on our platform, retention of popular streamers, capability to adjust to changes in technology and customer tastes and the strength of our brands.

Licenses and Approvals

The following table sets forth a list of material licenses and approvals, subject to further renewal, that our PRC subsidiaries and VIEs are required to obtain to carry out our operations in China.

License	Entity Holding the License	Type of the Entity	Regulatory Authority
License for Value-added Telecommunications Business	Wuhan Douyu	VIE	Communications Administration of Hubei Province
License for Online Culture Business	Wuhan Douyu	VIE	Bureau of Culture and Tourism of Wuhan Municipality
License for Commercial Performance	Wuhan Douyu	VIE	Administration Committee of Wuhan East Lake High-Tech Development Zone
License for Production and Operation of Radio and Television Programs	Wuhan Douyu	VIE	Administration for Radio and Television of Hubei Province
License for Online Transmission of Audio-visual Programs	Wuhan Ouyue	VIE	National Radio and Television Administration
License for Production and Operation of Radio and Television Programs	Wuhan Ouyue	VIE	Administration for Radio and Television of Hubei Province
License for Online Culture Business	Wuhan Ouyue	VIE	Bureau of Culture and Tourism of Wuhan Municipality
License for Commercial Performance	Wuhan Ouyue	VIE	Administration Committee of Wuhan East Lake High-Tech Development Zone
License for Value-added Telecommunications Business	Wuhan Ouyue	VIE	Communications Administration of Hubei Province
License for Commercial Performance	Douyu Yule	Wholly Foreign-owned Enterprise	Bureau of Culture and Tourism of Wuhan Municipality
License for Commercial Performance	Yuxing Tianxia	Subsidiary of Wholly Foreign-owned Enterprise	Bureau of Culture and Tourism of Wuhan Municipality
License for Value-added Telecommunications Business	Wuhan Yu Leyou Internet Technology Co., Ltd.	Subsidiary of Wuhan Ouyue	Communications Administration of Hubei Province

Intellectual Property

We regard our proprietary domain names, copyrights, trademarks, trade secrets and other intellectual property as critical to our operations. We rely on a combination of patents, copyrights, trademarks and trade secret laws to protect our intellectual property. As of December 31, 2024, we had registered:

- 590 trademarks in China, including the logo for douyu.com;
- 65 domain names, including douyutv.com, douyu.tv and douyu.com;

- 584 patents in China; and
- 110 software copyrights in China, relating to all of our online communities and other products.

As of December 31, 2024, we had 12 pending trademark applications in China. As of December 31, 2024, we have submitted 777 pending patent applications independently or jointly with third parties in China. Substantially all of our intellectual property is owned by Wuhan Douyu, and certain trademarks, copyrights and domain names are owned by Wuhan Ouyue for the purpose of maintaining and renewing their operating licenses as required by relevant PRC government authorities. Douyu Yule obtained certain patents and copyrights in 2022, 2023 and 2024, respectively.

We implement comprehensive measures to protect our intellectual property in addition to making trademark and patent registration applications. Our key measures to protect our intellectual properties include: (i) trademark searches prior to the launch of our new products; (ii) timely registration and filing with relevant authorities and application of intellectual property rights for our significant technologies and self-developed software; and (iii) overall source code protection of proprietary information.

Enforceability of Civil Liabilities

Cayman Islands

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We enjoy the following benefits:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include, but are not limited to, the following:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors; and
- Cayman Islands companies do not have standing to sue before the federal courts of the United States.

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China. All of our directors and executive officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Cogency Global Inc. as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, and Han Kun Law Offices, our PRC counsel, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or

- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

We have been further advised by our Cayman Islands counsel, Maples and Calder (Hong Kong) LLP, that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a judgment obtained in the federal or state courts of the United States at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided that such judgment (a) is given by a foreign court of competent jurisdiction; (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given; (c) is final; (d) is not in respect of taxes, a fine or penalty, and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

PRC

We have been advised by Han Kun Law Offices, our PRC counsel, that there is uncertainty as to whether the courts of the PRC would enforce judgments of United States courts or Cayman courts obtained against us or these persons predicated upon the civil liability provisions of the United States federal and state securities laws. Han Kun Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against us in the PRC, if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit. However, it would be difficult for foreign shareholders to establish sufficient nexus to the PRC by virtue only of holding the ADSs or our Ordinary Shares.

Regulation

Regulations Relating to Foreign Investment

The Foreign Investment Law of the PRC, adopted by the National People's Congress on March 15, 2019 and its Implementing Regulation adopted by the State Council on December 12, 2019 became effective on January 1, 2020. Pursuant to the Foreign Investment Law of the PRC, China will grant national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries that fall within "restricted" or "prohibited" categories as prescribed in the "negative list" to be released or approved by the State Council. On December 30, 2019, the Ministry of Commerce and the SAMR jointly promulgated the Measures for Information Reporting on Foreign Investment, which became effective on January 1, 2020. Pursuant to the measures, where a foreign investor directly or indirectly carries out investment activities in the PRC, the foreign investor or the foreign-invested enterprise must submit the investment information to the competent commerce department for further handling.

On September 6, 2024, the Ministry of Commerce and the NDRC promulgated the Special Administrative Measures for Entrance of Foreign Investment, or the Negative List, which came into effect on November 1, 2024. Pursuant to the Negative List, foreign investors should refrain from making investment in any of prohibited sectors specified in the Negative List, and foreign investors are required to obtain the permit for access to other sectors that are listed in the Negative List but not classified as "prohibited."

In December 2020, the NDRC and the Ministry of Commerce promulgated the Measures for the Security Review of Foreign Investment, which came into effect on January 18, 2021. The NDRC and the Ministry of Commerce will establish a working mechanism office in charge of the security review of foreign investment. Such measures define foreign investment as direct or indirect investment by foreign investors in the PRC, which include: (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Foreign investment in certain key areas with national security concerns, such as important cultural products and services, important information technology and Internet products and services, key technologies and others which results in the acquisition of de facto control of invested companies, shall be filed with a specifically established office before such investment is carried out. What may constitute "onshore investment by and through any other means" or "de facto control" is not clearly defined under such measures, and could be broadly interpreted. It is likely that control through contractual arrangement be regarded as de facto control based on provisions applied to security review of foreign investment. Failure to make such filing may subject such foreign investor to rectification within a prescribed period, and the foreign investor will be negatively recorded in the relevant national credit information system, which would then subject such investor to joint punishment as provided by relevant rules. If such investor fails to or refuses to undertake such rectification, it would be ordered to dispose of the equity or asset and to take any other necessary measures so as to return to the status quo and to erase the impact to national security.

We are a Cayman Islands company and our businesses by nature in China are mainly value-added telecommunication services and online culture services, which are restricted or prohibited for foreign investors by the Negative List. We conduct business operations that are restricted or prohibited for foreign investment through the VIEs.

Regulations Relating to Telecommunications Services

In September 2000, the State Council issued the Regulations on Telecommunications in China, or the Telecommunications Regulations, as amended on July 29, 2014 and February 6, 2016, to regulate telecommunications activities in China. The Telecommunications Regulations set out basic guidelines on different types of telecommunications business activities in China. According to the Catalog of Telecommunications Business (2015 Amendment), or the Telecom Catalog, implemented on March 1, 2016 (as amended on June 6, 2019), Internet information services constitute a type of value-added telecommunications service. The Telecommunications Regulations require operators of value-added telecommunications services to obtain value-added telecommunications business operation licenses from the MIIT, or its provincial branches prior to the commencement of such services.

Pursuant to the Measures on Telecommunications Business Operating Licenses (2017 Revision), or the Telecom License Measures, promulgated by the MIIT on March 1, 2009 and last amended on July 3, 2017, any approved telecommunications services provider shall conduct its business in accordance with the specifications in its license for value-added telecommunications service.

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises, or the FITE Regulations, which took effect on January 1, 2002 and were amended on September 10, 2008 and February 6, 2016, regulate foreign direct investment in telecommunications companies in China. The FITE Regulations stipulate that foreign investors are generally prohibited from holding more than 50% of equity interest in a foreign-invested enterprise that provides value-added telecommunications services, including, among others, provisions of Internet content. In addition, foreign investors are required to have sufficient experience operating value-added telecommunications business when applying for the MIIT's value-added telecommunications business operation license. On April 7, 2022, the State Council of the PRC issued the Decision to Amend and Abolish Certain Administrative Regulations, which makes amendments to the FITE Regulations. The amendments include, among others, removing the performance and operational experience requirements for main foreign investors that hold equity interest in PRC companies conducting value-added telecommunication business as set out in the FITE Regulations. The amended FITE Regulations took effect on May 1, 2022.

On July 13, 2006, the Ministry of Information Industry (which is the predecessor of the MIIT) issued the Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Services, or the MIIT Circular 2006, which provides that: (i) foreign investors can only operate a telecommunications business in China through telecommunications enterprises with a valid telecommunications business operation license; (ii) domestic license holders may not rent, transfer or sell telecommunications business operation licenses to foreign investors in any form or provide any foreign investors with resources, venues or facilities to promote unlicensed operations of telecommunications businesses in China; (iii) value-added telecommunications service providers or their shareholders must directly own the domain names and registered trademarks that are used in their daily operations; (iv) each value-added telecommunications service provider must have necessary facilities for its approved business operations and maintain such facilities in the geographic regions specified in its license; and (v) all value-added telecommunications service providers should improve their network and information security, establish a relevant information safety system and set up emergency plans to ensure network and information safety.

On April 8, 2024, the MIIT issued the Circular on Implementing the Pilot Programs Work to Expand the Opening-up of the Value-Added Telecommunications Services. The circular states that the MIIT will launch pilot programs to expand the opening-up of value-added telecommunications services and the pilot programs will be initially launched in several regions, including Beijing, Shanghai, Hainan and Shenzhen. In the regions approved to launch pilot programs, foreign ownership restrictions in certain value-added telecommunications business will be removed, including internet data centers services, content delivery networks services, internet access services, online data processing and transaction processing services, information publishing platforms and delivery services (excluding internet news information, online publishing, online audiovisual, and internet cultural operations) and information protection and processing services. Foreign invested enterprises conducting these services in approved pilot regions are required to obtain approval from the MIIT in accordance with applicable law and regulations. The circular also indicates that based on the implementation of the pilot programs, the scope of the pilot regions may be expanded.

Regulations Relating to Internet Information Services

The Administrative Measures on Internet Information Services, or the ICP Measures, issued by the State Council on September 25, 2000 and last amended on January 20, 2025, regulate provisions of Internet information services in the PRC. According to the ICP Measures, Internet information services refer to provisions of information through the Internet to online subscribers, including commercial and non-commercial services. Pursuant to the ICP Measures, commercial Internet information service providers shall obtain ICP Licenses from relevant PRC local authorities before engaging in commercial Internet information services in China. In addition, according to applicable PRC laws, administrative regulations or rules, providers of Internet information services in respect of news, publishing and education shall obtain the consent of the relevant competent government authorities before applying for operating permits or carrying out record-filing procedures.

Additionally, the ICP Measures and other relevant measures also prohibit the publication of any content that propagates, among others, obscenity, pornography, gambling and violence, incites the commission of crimes or infringes upon the lawful rights and interests of third parties. If an Internet information services provider detects that information transmitted on its system falls under the specified prohibition, such provider must immediately terminate the transmission and delete the information and report it to the government authorities. Any provider's violation of these prohibitions, in serious cases, will lead to revocation of its ICP License and shutdown of its Internet systems. On January 8, 2021, the CAC issued the Revised Draft for Comment of the ICP Measures, or the Draft ICP Measures, which reinforces the responsibilities of Internet information services providers and includes: (i) establishing a review system of content publication, (ii) verifying the truthfulness of identity of users; and (iii) protecting the privacy and safety of personal information. As of the date of this annual report, the Draft ICP Measures has not been adopted.

On June 27, 2022, the CAC issued the Administrative Provisions on the Account Information of Internet Users, or the Internet Users' Account Information Provisions, which became effective on August 1, 2022. The Internet Users' Account Information Provisions require internet information service providers to (i) formulate and disclose management rules and platform conventions relating to the users' account information, enter into service agreements with users; (ii) authenticate users' identities based on their organizational codes, PRC ID numbers or mobile phone numbers, etc.; and (iii) display the home location information of internet protocol addresses of users within a reasonable scope on their account information pages.

On September 9, 2022, the CAC, the MIIT and the SAMR issued the Administrative Provisions on Internet Pop-up Window Information Notification Services, effective from September 30, 2022, which requires that providers of Internet pop-up window information push services shall implement the responsibilities of information content management and establish and improve management systems for censoring of information content, ecological governance, data security and personal information protection, and protection of minors.

The Administrative Regulations on Services of Online Comment Threads, which was promulgated by the CAC on August 25, 2017 and became effective on October 1, 2017, most recently amended on November 16, 2022 and took effect on December 15, 2022, require that the service providers of online comment threads shall (i) certify the identity information of the registered users according to the principles of "using real name at back end and using alias or real name voluntarily at front end"; (ii) establish and improve a protection system for users' information; and (iii) establish sound review management, real-time inspection, emergency response and other information security management systems for the comment threads, timely discover and handle illegal information, and report the same to the competent authorities.

On November 25, 2022, the CAC, the MIIT and the Ministry of Public Security jointly released the Administrative Provisions on Deep Synthesis in Internet Information Services, which prohibit organizations or individuals from using deep synthesis services to produce, reproduce, release or distribute any information prohibited by applicable laws or administrative regulations, or using deep synthesis services to engage in activities prohibited by applicable laws or administrative regulations. It also requires deep synthesis service providers to (i) fulfill their responsibilities for information security, establish and improve management systems for, among others, user registration, algorithm mechanism examination, ethical vetting in technology, information release vetting, protection of data security and personal information, anti-telecommunications and internet fraud, security assessment and monitoring, and emergency response to security incidents; (ii) formulate and disclose relevant management rules and platform conventions, and inform users and deep synthesis technology supporters of the responsibilities for information security by prominent mark; and (iii) authenticate users' identities based on their organizational codes, PRC ID numbers or mobile phone numbers, etc.

On July 10, 2023, the CAC published the Interim Measures on the Management of Generative Artificial Intelligence Services. Pursuant to the measures, generative artificial intelligence, or generative AI, is defined as the models and technology to generate text, pictures, sounds, videos, codes and other contents. Generative AI products or services providers shall comply with the requirements of laws and regulations, respect for social morality, public order and good customs. Generative AI service providers shall take effective measures to enhance the accuracy and reliability of the content created by the generative artificial intelligence. The service providers that provide generative AI services with public opinion attribute or social mobilization ability are required to apply for security assessment with the national cybersecurity administration authorities in accordance with relevant laws and regulations, and the formalities for record-filing, change or deregistration of algorithms shall be completed in accordance with the Administrative Provisions for the Recommendation of Internet-based Information Service Algorithms. Generative AI service providers shall conduct training data processing activities such as conducting pre-training and optimization training in accordance with relevant laws and regulations, including, among others, (i) the training shall use data and models from lawful sources; (ii) if intellectual properties are involved, it shall not contain any contents that infringe upon the intellectual property rights of other parties; (iii) if such data contains personal information, the providers shall obtain consent of personal information subjects or comply with relevant laws and regulations; and (iv) take effective measures to improve the quality of training data and enhance the quality, authenticity, objectivity and diversity of training data. In addition, it imposes some requirements for generative AI products providers, including but not limited to (i) specifying and disclosing their applicable users, occasions and purposes of their services, and taking appropriate measures to prevent minors from over-reliance on or addiction to generated contents; (ii) protecting information input by users and users' usage records; and (iii) establishing mechanisms for receiving and handling users' complaints.

On March 7, 2025, the CAC, the MIIT, the Ministry of Public Security and the NRTA jointly issued the Measures for Labelling Artificial Intelligence-generated or Synthetic Contents, which will take effect on September 1, 2025. These measures impose content labelling obligations on internet information service providers. Under the new regulations, providers will be required to include implicit labels in the metadata of documents containing synthetic content and implement measures to regulate the dissemination of AI-generated synthetic content.

Regulations Relating to Mobile Internet Applications Information Services

In addition to the Telecommunications Regulations and other regulations above, mobile applications and the Internet application store are specially regulated by the Regulations for the Administration of Mobile Internet Applications Information Services, or the APP Provisions, which were promulgated by the CAC on June 28, 2016 and became effective on August 1, 2016, and further amended on June 14, 2022 and took effect on August 1, 2022. Pursuant to the APP Provisions, app information service providers shall obtain relevant qualifications required by laws and regulations, strictly fulfill their responsibilities for information security, establish and improve management systems for, among others, data security and users' information protection, information content examination and management, and protection of minors, and perform the obligation of conducting security assessments in accordance with relevant laws and regulations. The app store service providers shall conduct filing formalities with local branches of the CAC within 30 days after the commencement of its online operations.

On November 28, 2019, the Secretary Bureau of the CAC, the General Office of the MIIT, the General Office of the Ministry of Public Security and the General Office of the SAMR promulgated the Identification Method of Illegal Collection and Use of Personal Information Through App, which provides guidance for the regulatory authorities to identify the illegal collection and use of personal information through mobile apps, and for the app operators to conduct self-examination and self-correction, and for other participants to voluntarily monitor compliance.

On July 22, 2020, the MIIT issued the Notice on Carrying out Special Rectification Actions in Depth against the Infringement on Users' Rights and Interests by Apps to urge app service providers, among others, to enhance the protection of users' personal information in relation to the download, installing and upgrade of apps.

On February 6, 2023, the MIIT released the Notice on Further Raising the Service Capabilities of Mobile Internet Applications, which reiterates the importance of service capabilities of mobile internet applications and relevant service providers, and imposes a series of requirements for applications developers, applications service providers and applications platform services providers, including but not limited to providing appropriate services related to downloading and uninstalling mobile internet applications with users, using automatic renewal services only upon the users' consent and offering convenient options to cancel automatic renewal services to users.

On July 21, 2023, the MIIT promulgated the Notice on the Record-filing of Internet Applications, which requires the filing of internet applications programs (APPs) with the relevant authorities by the operators of such APPs in China. Operator of APPs shall not engage in any internet information service if it fails to complete the filing. The operator of APPs shall indicate the filing number in a prominent position of the APP and link the URL of the filing system for public inquiry and verification. Operators of existing APPs must complete filing procedures through an Internet service provider (ISP) or an APP distribution platform between September 2023 and March 2024. New APPs cannot be put into use unless and until the filing procedures have been completed.

Regulations Relating to Online Transmission of Audio-Visual Programs and Online Streaming

On April 13, 2005, the State Council promulgated the Certain Decisions on the Entry of the Private Capital into the Cultural Industry, according to which private capital was prohibited from engaging in the business of online transmission of audio-visual programs. On December 20, 2007, the SARFT and the MIIT jointly promulgated the Audio/Video Measures, which took effect on January 31, 2008 and were subsequently amended on August 28, 2015. Under these provisions, foreign investors are prohibited from engaging in the business of distributing audio-visual programs through the Internet.

Providers of audio-visual program services through the Internet (including through mobile networks) in general must be either state-owned or state-controlled entities, and the business to be carried out by such providers must satisfy the overall planning and guidance catalog for Internet audio-visual program service determined by the SARFT; and such providers are required to obtain the License for Online Transmission of Audio-visual Programs issued by the NRTA, or complete certain registration procedures with the NRTA.

On May 21, 2008, the SARFT issued a Notice on Relevant Issues Concerning Application and Approval of License for the Online Transmission of Audio-visual Programs, as amended on August 28, 2015, which further sets out detailed provisions concerning the application and approval process regarding the License for Online Transmission of Audio-visual Programs. The notice also stipulates that Internet audio-visual program services providers engaging in such services prior to the promulgation of the Audio/Video Measures are able to apply for the license so long as their violation of the laws and regulations is minor in scope and can be rectified in a timely manner and they have no record of violation during the three months prior to the promulgation of the Audio/Video Measures. Further, on March 30, 2009, the SARFT promulgated the Notice on Strengthening the Administration of the Content of Internet Audio-Visual Programs, which reiterates the pre-approval requirements for the audio-visual programs transmitted through the Internet, including through mobile networks, where applicable, and prohibits certain types of Internet audio-visual programs containing violence, pornography, gambling, terrorism, superstition or other similarly prohibited elements.

On March 17, 2010, the SARFT issued the Internet Audio-Visual Program Services Categories (Provisional), or the Provisional Categories, as adjusted on March 10, 2017, which classifies Internet audio/visual program services into four categories. In addition, the Notice concerning Strengthening the Administration of the Streaming Service of Online Audio/Visual Programs promulgated by the SAPPRFT on September 2, 2016 emphasizes that, unless a specific license is granted, an audio/visual programs service provider is forbidden from engaging in livestreaming on major political, military, economic, social, cultural and sports events.

On July 6, 2012, the SARFT and the CAC issued the Notice Regarding Further Enhancement of Management of Online Audio and Video Programs such as Online Drama Series and Micro Films, pursuant to which providers of Internet audio-visual program services that are engaged in the production of online audio-visual programs such as online drama series and micro-films and broadcast such programs on their own websites shall lawfully obtain the Radio and Television Program Production and Operating Permit issued by local branches of the NRTA and the corresponding License for Online Transmission of Audio-visual Programs at the same time. Providers of Internet audio-visual program services shall report the information on online audio-visual programs such as online drama series and micro-films which have been reviewed and approved to the provincial branches of the NRTA in their domiciles for filing.

In April 2016, the SAPPRFT promulgated the Provisions on the Administration of Private Network and Targeted Transmission Audio-visual Program Services, which apply to the provision of radio, television programs and other audio-visual programs to a targeted audience on television and all types of handheld electronic equipment. This provision covers the Internet and other information networks as targeted transmission channels, including the provision of content, integrated broadcast control, transmission and distribution and other activities conducted in such forms as Internet protocol television, private network mobile television and Internet television. Anyone who provides private network and targeted transmission audio-visual program services must obtain a License for Online Transmission of Audio-visual Programs issued by the SARFT and operate its business pursuant to the scope as provided in such license. Foreign-invested enterprises are not allowed to engage in the above-referenced businesses.

In July 2016, the Ministry of Culture promulgated the Notice on Strengthening the Administration of Network Performance, which regulates the behavior of entities conducting businesses related to network performance and performers. Entities operating network performances shall be responsible for the services and content posted on their website by performers. They must refine their content management mechanism and shut down the channel and stop the dissemination of any network performance as soon as they realize that such network performance is in violation of relevant laws and regulations. Network performers shall be responsible for their performances and shall not perform any program containing violence, pornography, or other similarly prohibited elements.

In addition, the SAPPRFT issued the Notice Concerning Strengthening the Administration of the Streaming Service of Online Audio-Visual Programs in September 2016, pursuant to which an Internet livestreaming service provider shall: (i) equip personnel to review the content of livestreaming content; (ii) establish the technical methods and work mechanisms in order to replace the unlawful content by using the backup program; and (iii) record the livestreaming program and keep the records for at least 60 days to fulfill the inspection requirements by competent administrative authorities. The CAC promulgated the Regulations for the Administration of Online Livestreaming Services, or Internet Livestreaming Services Provisions, on November 4, 2016, which came into effect on December 1, 2016. According to the Internet Livestreaming Services Provisions, an Internet livestreaming service provider shall: (i) establish a livestreaming content review platform; (ii) conduct authentication registration of Internet livestreaming issuers based on their identity certificates, business licenses and organization code certificates; and (iii) enter into a service agreement with Internet livestreaming services user to specify both parties' rights and obligations.

In March 2018, the SAPPRFT issued the Notice on Further Regulating the Transmission Order of Internet Audio-Visual Programs, which requires that, among others, audio-visual platforms shall: (i) not produce or transmit programs intended to parody or denigrate classic works; (ii) not re-edit, re-dub, re-caption or otherwise ridicule classic works, radio and television programs, or original Internet audio-visual programs without authorization; (iii) not transmit re-edited programs, which unfairly distort the original content; (iv) strictly monitor the adapted content uploaded by platform users and not provide transmission channels for illicit content; (v) immediately take down unauthorized content upon receipt of complaints from copyright owners, radio and television stations, or film and television production institutions; (vi) strengthen the administration of movie trailers and prevent improper broadcasting of movie clips and trailers prior to authorized release; and (vii) strengthen the administration of sponsorship and endorsement for Internet audio-visual programs. Pursuant to this notice, the provincial branches of the NRTA shall have the authority to supervise radio and television stations and websites that offer audio-visual programs within its jurisdiction and require them to further improve their content management systems and implement relevant management requirements.

On November 18, 2019, the CAC, the MCT and the NRTA jointly issued the Administrative Provisions on Internet Audio-Video Information Services, or the Internet Audio-Video Information Services Provisions, which became effective on January 1, 2020. The Internet Audio-Video Information Services Provisions define "Internet audio-video information services" as providing audio and video information production, uploading and transmission to the public via Internet platforms such as websites and applications. Entities providing Internet audio-video information services must obtain relevant licenses subject to applicable PRC laws and regulations and are required to authenticate users' identities based on their organizational codes, PRC ID numbers or mobile phone numbers, etc.

In November 2020, the NRTA issued the Notice on Strengthening the Management of Network Live-performance Streaming and E-Commerce Streaming, which requires a live-performance streaming platform to adopt and practically implement the real-name registration system for the streamers and the viewers who purchase virtual gifts for streamers by taking measures including real-name verification, face recognition and human review. Viewers who fail to pass the real-name registration shall not be allowed to purchase virtual gifts. Live-performance streaming platforms shall block any mechanism that allows minors to purchase any virtual gifts for the streamers. A platform shall set the limitations of the maximum amount for purchasing virtual gifts for each time, each day and each month. If a viewer makes virtual gift purchases that aggregately reach the half of the daily or monthly limitations, the platform shall notify such viewer and allow such viewer to make further purchase only when he or she confirms the payment through SMS verification or other methods. If a viewer makes virtual gift purchases that aggregately reach the full daily or monthly limitations, the platform shall suspend purchase services to such viewer. A platform shall also adopt a delayed-fund-transfer system such that if a streamer commits illegal activities, the purchase of virtual gifts shall be refunded to viewers. In addition, the live-performance streaming platform shall not adopt operational strategies that encourage viewers to purchase virtual gifts irrationally. If the platform finds that any streamer or his or her agent implies, solicits or encourages viewers to make large amount purchases by means of disseminating vulgar information, engaging in an organized publicity stunt or engaging a "water army" to purchase virtual gifts in large volumes, the platform shall take measures against such streamer and such agent, list him or her on a watch list and report him or her to the radio and television administration authorities. In addition, it requires live-performance streaming platforms and e-commerce streaming platforms to complete filing with the National Information Registration Administration System of Online Audio/Video Platforms prior to November 30, 2020.

In February 2021, the CAC, the National Office of Anti-Pornography and Illegal Publication, the MIIT, the Ministry of Public Security, the MCT, the SAMR and the NTRA jointly promulgated the 2021 Streaming Guidance Opinions. Pursuant to the 2021 Streaming Guidance Opinions, the online streaming platforms shall adopt a tiered and classified management system over the streamers' accounts, with those accounts managed in different tiers and classes based on the nature of the streamers, operational contents, number of fans, popularity of the streaming, time limit of the streaming and other factors. Online streaming platforms shall set up appropriate limitations for streamers' accounts in different tiers or classes in terms of the total amount of virtual gifts received in any single session of streaming performance, the popularity of the streaming, the time length of the streaming, the sessions of the streaming in any single day, the time gap between different streaming sessions and other factors, and take necessary warning measures against the streamers who violate relevant laws and regulations. In addition, online streaming platforms are required, among other things, to set up appropriate limitations for the maximum purchase price for each virtual gift and the maximum value of virtual gifts that the users send to the streamers each time, and online streaming platforms are required, if necessary, to set up a cooling-off period and a delayed-fund-transfer system for giving virtual gifts. The 2021 Streaming Guidance Opinions further provide that all livestreaming platforms that provide online audio/video services shall obtain a License for Online Transmission of Audio-visual Programs or complete filing with the National Information Registration Administration System of Online Audio/Video Platforms.

On March 25, 2022, the CAC, the SAMR and the SAT jointly issued the Opinions on Further Regulating the Profit-making Behaviors of Livestreaming to Promote the Healthy Development of the Industry, pursuant to which, online streaming platforms shall strengthen the management of online livestreaming account registration and implement the real-name registration system for the streamers based on their PRC ID numbers or organizational codes. Online streaming platforms shall report the relevant information of streamers who have profit-making behaviors in the livestreaming to the local cyberspace administration department and competent tax authorities every six months. Further, online streaming platforms are required to adopt tiered and classified management systems over the live-streamers' accounts. The Opinions also propose to strengthen the tax obligations of streamers. Online streaming platforms are required to (i) clearly indicate the rights and obligations of the streamers, such as the requirements to complete registration with relevant authorities and their tax liabilities, in the service agreements with streamers; (ii) clearly identify the sources and nature of income of streamers; and (iii) perform their tax withholding obligations for personal income of streamers. The platforms shall not assign or evade their tax withholding obligations for personal income of streamers by any means and shall not assist streamers with tax evasion. In addition, the Opinions provide specific requirements for online streaming platforms to regulate livestreaming marketing activities. For example, online streaming platforms and streamers should not conduct false or misleading commercial publicity on commodity producers and operators as well as the performance, function, quality, source, honors won, qualification, sales status, transaction information, user evaluation and other statistics of the products, and online streaming platforms.

On April 12, 2022, the Online Audio-visual Program Management Department of the NRTA and the Publishing Bureau of the Central Propaganda Department issued the Notice on Strengthening the Management of Livestreaming of Online Games on the Online Audio-visual Program Platforms. The Notice provides that online audio-visual program platforms, including live streaming platforms, shall not (i) disseminate illegal games on audio-visual program platforms; (ii) stream online games that have not been approved by the competent authorities; and (iii) use live broadcast rooms and other forms to drive traffic for the illegal game content on various platforms. Further, the Notice requires live streaming platforms to strengthen the management of game livestreaming content. For example, livestreaming platforms, in particular, online game livestreaming platforms, shall strictly control the content setting, publicity and interactions of users and take effective measures to strengthen the management of livestreaming of online games, such as establishing and improving the management system of information release, follow-up comments and emergency response related to living game programs and improving the program monitoring and public opinion monitoring mechanism. In addition, livestreaming platforms are also required to strengthen the guidance of the game anchor's code of conduct and establish and implement the protection mechanism for minors. The platforms that conduct livestreaming of online games shall set up anti-addiction mechanisms for minors, take effective measures to ensure that the "teenager mode" is effective, implement the requirements of real-name system, prohibit minors from recharging and rewarding, and set up special channels for refund of rewards given by minors. The Notice also provides that those who violate the laws should not use livestreaming to make sound appearances. In addition, online audio-visual platforms (including various domestic and overseas individual and institutional accounts opened on relevant platforms) should not live broadcast overseas game programs or competitions without obtaining approval from relevant authorities.

On May 7, 2022, the General Office of Central Commission for Guiding Cultural and Ethical Progress, the CAC, the MCT and the NRTA jointly promulgated the Opinions on Regulating Online Live Streaming Rewards to Strengthen the Protection of Minors, which provide that live streaming platforms shall, among others, (i) livestreaming platforms shall not provide virtual gifting services to minors; and (ii) livestreaming platforms shall not provide live-streamer's account registration services to minors under the age of 16 and shall obtain the consent from guardians before providing such services to minors between the ages of 16 and 18. The opinions also require online platforms to (i) continue to upgrade their "teenager mode" and establish a customer service team for minors to process the complaints and disputes related to minors; (ii) remove the rewards ranking within one month after the announcement of the opinions; and (iii) discontinue all services under "teenager mode" after 10:00 p.m. every day.

On June 8, 2022, the NRTA and the MCT issued the Code of Conduct for Live-streamers, or the Code of Conduct, which provides, among others, that: (i) for live streaming content that requires a high level of professional skills (such as medical and health care, finance, law and education), streamers should obtain the relevant practice qualifications and report the practice qualifications to the live streaming platforms, and the live streaming platforms should review and record the relevant qualifications; (ii) during live streaming sessions, streamers shall not behave extravagantly or waste food, flaunt luxury goods, jewelry and other assets, or display sexually suggestive and provocative content; (iii) live streaming platforms shall establish comprehensive internal policies to manage their streamers, covering various aspects of operations, from recruitment, training, daily management, performance evaluation to violation record management, and shall provide incentives to streamers who display positive qualities and abide by the Code of Conduct, and reprimand and discipline streamers who have violated the Code of Conduct, and ban the account of streamers who have repeatedly violated the Code of Conduct or applicable rules and regulations.

Regulations Relating to Online Cultural Activities

The Ministry of Culture promulgated the Provisional Measures on Administration of Internet Culture in 2011, as most recently amended in 2017, and the Notice on Issues Relating to Implementing the Newly Revised Provisional Measures on Administration of Internet Culture promulgated by the Ministry of Culture in 2011, which apply to entities that engage in activities related to "online cultural products." "Online cultural products" are classified as cultural products developed, published and disseminated through the Internet which mainly include (i) online cultural products particularly developed for publishing through the Internet, such as, among other things, online music and video files, network games and online animation features and cartoons (including flash animation), and (ii) online cultural products converted from audio and visual products, games, performing arts, artworks and animation features and cartoons, and published on the Internet. Pursuant to this legislation, entities are required to obtain the Online Culture Business Licenses from the applicable provincial level counterpart of the MCT if they intend to engage commercially in any of the following types of activities:

- production, duplication, import, release or broadcasting of online cultural products;
- publishing of online cultural products on the Internet or transmission thereof to computers, fixed-line or mobile phones, radios, television sets or game consoles for the purpose of browsing, reading, reviewing, using or downloading such products by online users; or

- exhibitions or contests related to online cultural products.

In August 2013, the Ministry of Culture issued the Administrative Measures for Content Self-Review by Internet Culture Business Entities, which requires Internet culture business entities to review the content of products and services to be provided prior to providing such content and services to the public. The content management system of an Internet culture business entity is required to specify the responsibilities, standards and processes for content review as well as accountability measures, and is required to be filed with the provincial level counterpart of the MCT.

The Regulations for the Administration of Audio and Video Products, as released by the State Council in August 1994 and last amended in January 2025, require that the publication, production, duplication, importation, wholesale, retail and renting of audio and video products are subject to a license issued by competent authorities.

In September 2021, the State Council released the Opinions on Improvement of Internet Civilization, which reiterates the necessity of strengthen the order in cyberspace and requires Internet platforms to strengthen the responsibility of network platform, strengthen the website platform community rules, user agreement construction, and enhance national security awareness.

On September 15, 2021, the CAC released the Opinions on Further Intensifying Responsibilities of Website Platform for Information Content, which provides specific requirements for website platforms from various aspects, such as community rules, accounts, content moderation, content quality management, key functions, platform operation, minors' online protection and personnel management. Website platforms are required to improve their content review mechanism, refine the review standards, strengthen the management of pop-ups, accurately handle the procedures of sending out push notifications to users and strictly control the frequency of push notifications.

On November 2, 2022, the CAC promulgated the Notice on Effectively Strengthening the Governance of Cyber Violence, which provides specific measures to deal with cyber violence: (i) establishing and improving the prevention mechanism for cyber violence; (ii) strengthening the protection of the victims of cyber violence; (iii) preventing the spread and dissemination of cyber violence information, in particular, strengthening the management of livestreaming and short videos; and (v) dealing with and imposing punishment in accordance with laws and regulations.

In June 2024, the CAC released the Provisions on the Governance of Cyberviolence Information, which took effect on August 1, 2024. According to the provisions, Internet information service providers shall take responsibility for the governance activities of cyberviolence information, including but not limited to establishing and improving the governance mechanism of cyberviolence information, improving the systems of user registration, account management, personal information protection, information release review, monitoring and early warning, and identification and handling. Internet information service providers shall strengthen their management of user account information, provide the assistance in authenticating account information for the relevant subjects who are victimized by cyberviolence information, prevent and stop counterfeiting, imitation or maliciously association with relevant subjects for illegal registration or release of information. Internet information service providers shall formulate and publicize management rules and platform conventions, execute service agreements with users, clarify the rights and obligations relating to the governance of cyberviolence information, and fulfill their governance responsibilities in accordance with the law. If cyberviolence involves minors, internet information service providers shall give priority to dealing with these reports.

On September 20, 2023, the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security jointly promulgated the Guiding Opinions on Punishing Illegal and Criminal Acts of Cyberviolence in Accordance with the Law, or the Opinion. Pursuant to the Opinion, the government will take measures to punish illegal and criminal activities of cyberviolence. Specifically, where an Internet service provider fails to perform their management obligations of information network security regarding cyberviolence and refuses to make corrections after being ordered by the regulatory department, resulting in the mass spread of illegal information or other serious circumstances, it would be convicted and punished for the crime of refusing to fulfill management obligations of information network security.

Regulations Relating to Online Game Operation

The Notice on Interpretation of the State Commission Office for Public Sector Reform on Several Provisions relating to Animation, Online Game and Comprehensive Law Enforcement in Culture Markets in the "Three Provisions" jointly promulgated by the Ministry of Culture, the SARFT and the GAPP, which was issued by the State Commission Office for Public Sector Reform (a division of the State Council) and became effective on September 7, 2009, provides that the SAPPRFT is responsible for the examination and approval of online games to be uploaded on the Internet and that, after being uploaded, online games are subject to management by the MCT.

The Circular Regarding the Consistent Implementation of the "Regulation on Three Provisions" of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Games, promulgated by the GAPP, together with the National Copyright Administration and the Office of the National Working Group for Crackdown on Pornographic and Illegal Publications, on September 28, 2009, provides, among other things, that games are not allowed to be put online for operation without obtaining pre-approval from the GAPP. Foreign investors are prohibited from investing or engaging in online game operations in China through establishing wholly-owned subsidiaries, or equity joint ventures or cooperative joint ventures with Chinese partners, and expressly prohibits foreign investors from gaining control over or participating in domestic online game operations indirectly by establishing other forms of joint venture, establishing contractual agreements or providing technical support. Material violation of this Circular will result in suspension or revocation of relevant licenses and registrations. In addition, according to the Administrative Provisions on Online Publishing Services, before publishing an online game, an online publishing service provider shall file an application with the appropriate administrative department of the SAPPRFT for the province, autonomous region or municipality in the place where it is located and the application, after being approved at the provincial level, shall be submitted to the SAPPRFT for final approval. Online game operations are also categorized as Online culture business and the Internet culture provisions shall govern online game operations as well.

In 2010, the Ministry of Culture promulgated the Provisional Measures on the Administration of Online Games, or the Online Game Measures, as most recently amended in 2017, which set forth a broad range of activities related to the online game business, including the development and production of online games, the operation of online games, the issuance of virtual currencies used for online games and virtual currency trading services. Online Game Measures provide that any entity that is engaged in online game operations must obtain an Online Culture Business License, and require that the content of an imported online game be examined and approved by the MCT prior to the launch of the game and that the content of a domestic online game must be filed within 30 days of its launch with the MCT. The Online Game Measures also request online game operators to protect the interests of online players and specify certain terms that must be included in the service agreements between online game operators and the players of their online games. Furthermore, online game operators are required to take technical and managerial measures to ensure online information security, including preventing computer virus invasion, attack or damage, backing up important data and saving user registration information, operating information, maintaining logs and other information, and protecting state secrets, trade secrets and users' personal information. In May 2019, the MCT declared that it would no longer oversee the online game industry. In July 2019, the MCT abolished the Online Game Measures.

On December 22, 2023, the NPPA released the Measures for Online Game Management (Draft for Comment), or the Draft Measures for Online Game, for public comments, aiming to regulate the order of the online game industry, protect the lawful rights and interests of users, ensure the physical and mental well-being of minors, and promote the healthy and orderly development of the online game industry. According to the draft measures, any entity that is engaged in online game operations must obtain an Online Culture Business License. Before publishing and operating an online game, the entity must submit an application to the local provincial-level publication authorities, which, if approved, shall be forwarded to the national publication authority for approval. In addition, online games publishers and operators shall implement a content self-review policy, and ensure the legality and quality of published online game content. The Draft Measures for Online Game also set up some other requirements for the publishing and operating of online games, such as restrictions on excessive game usage and high expenditure, rules for indication of information, rules for random draws and the requirement for real-name registration. Furthermore, the Draft Measures for Online Game reiterates the importance of minors protection, which requires online game publishers and operators to (i) strictly control minors' online game usage hours and duration; (ii) prohibit minors from logging in games that are likely to cause addiction or include content unsuitable for minors; (iii) strictly enforce restrictions on the provision of paid services to minors, reasonably limit the expenditure by minors of different age groups when using their services; (iv) prohibit the provision of the leasing or sale of accounts, in-game currency and virtual item trading services, as well as third-party services such as booster and power-leveling, to minors; (v) prohibit the provision of random draw services to minors; and (vi) prohibit tipping by minors in online game live streaming. The Draft Measures for Online Game further stipulate relevant rules for the issuance and trading of virtual currency and items in online games, online game publishers and operators must not allow the conversion of virtual currency or items obtained by users from online games into legal currency. As of the date of this annual report, the Draft Measures for Online Game has not been adopted.

Regulations Relating to Protection of Minors and Real-Name Registration System

On April 15, 2007, eight PRC government authorities, including the GAPP, the Ministry of Education, the Ministry of Public Security and the Ministry of Information Industry, jointly issued a circular requiring the implementation of an anti-fatigue compliance system and a real-name registration system by all PRC online game operators. Under the anti-fatigue compliance system, three hours or less of continuous game playing by minors, defined as game players under 18 years of age, is considered to be "healthy," three to five hours is deemed "fatiguing" and five hours or more is deemed "unhealthy." Game operators are required to reduce the value of in-game benefits to a game player by half if it discovers that the amount of time a game player spends online has reached the "fatiguing" level and to zero in case of a game player reaches an "unhealthy" level.

Pursuant to the PRC Minors Protection Law (2024 Revision) which became effective on April 26, 2024, providers of network products and services may not provide minors with products or services that induce addictive usage. Providers of network services such as online games, network livestreaming, network audio and video, and social networking shall set up corresponding time management, authority management, consumption management and other functions for minors who use their services.

In addition, the State Press and Publication Administration issued the Circular on Preventing Minors from Indulging in Online Games in October 2019, which came into force on November 1, 2019, and it requires that all online game players register with real names. Also, it strictly controls the period and length of minors' use of online games. Online game companies shall not provide game services to minors every day from 10:00 p.m. to 8:00 a.m. and the length of providing games to minors shall not exceed three hours per day on statutory holidays and 1.5 hours per day on other days. The circular restricts online game companies from collecting payment from minors that are incompatible with their affordability.

To identify whether a game player is a minor and thus subject to the anti-fatigue compliance system, a real-name registration requires online game players to register their real identity information before playing online games. Pursuant to a notice issued by the relevant eight government authorities on July 1, 2011, online game operators must submit the identity information of game players to the National Citizen Identity Information Center, a subordinate public institution of the Ministry of Public Security, for verification as of October 1, 2011.

In addition, pursuant to the Internet Livestreaming Services Provisions, livestreaming service providers should verify the identity of users on a livestreaming platform with their information such as through their mobile phone number. Also, according to the Administrative Measures for Business Activities of Online Performances issued by the Ministry of Culture on December 2, 2016 and in effect as of January 1, 2017, livestreaming service providers must require streamers on a livestreaming platform to make real-name registration.

Moreover, the 2021 Streaming Guidance Opinions provide that: (i) livestreaming platforms shall strictly forbid providing account registration services to users under the age of 16, and shall obtain prior consent from the guardians of the users under the ages of 16-18 before providing account registration services to them; (ii) "Teenager Mode" shall be provided to minors to prevent them from indulging in livestreaming; (iii) contents on the platform that are not conducive to the healthy growth of minors shall be screened; and (iv) virtual gift purchases shall not be provided to minors. In addition, a livestreaming platform shall establish a customer service team providing services specifically to minors such that complaints and disputes in relation to them will be handled in priority and in a timely manner. If a minor purchases virtual gifts for streamers using an adult account, the platform shall issue refunds after verification in accordance with relevant regulations.

On March 29, 2019, the NRTA promulgated the Regulations on Administration of Minors Program, or the Minors Program Regulation, which came into effect on April 30, 2019 and amended on October 8, 2021, to regulate the programs for minors. Pursuant to the Minors Program Regulation, minor-oriented programs refer to radio and television programs and network audio-visual programs with minors as main participants or main target audience. The Minor Program Regulation provides specific requirements on the content of minor-oriented programs, including among others, minor-oriented programs shall not contain any violence, pornography, gambling, terrorism, superstition or other prohibited elements.

On August 30, 2021, the GAPP issued the Circular on Further Strengthening Regulation to Effectively Prevent Online Gaming Additions among Minors, which provides that online game operators can only provide online game services to minors from 8:00 p.m. to 9:00 p.m. on Fridays, Saturdays, Sundays and public holidays. In addition, online game operators shall not provide online game services in any form to users who have not logged in with their real-name registration. Failure to comply with the foregoing provisions may subject the online game operator to sanctions.

On October 20, 2021, the Ministry of Education issued the Circular on Further Preventing Middle School and Primary Students from Addiction to Online Games. Pursuant to this circular, online game operators shall take technical measures to avoid primary and secondary school students being exposed to inappropriate games or game features and shall not operate online games without approval. Online game operators are further required to strictly implement the requirements of real-name registration. All real-name registration information submitted by online game users must be verified by the real-name verification system of the GAPP.

On November 29, 2021, the MCT issued the Opinions of the General Office of the Ministry of Culture and Tourism on Strengthening the Protection of Minors in Online Cultural Markets, which reiterates the necessity of comprehensive governance in the field of culture and entertainment and the importance of network protection of minors. Pursuant to the opinions, (i) online cultural service provider shall improve the ability to identify the accounts of users who are minors; (ii) online cultural service providers shall not provide registration services for livestreaming publisher accounts for minors under the age of 16 and shall obtain prior consent from the guardians of the users under the ages of 16-18 before providing account registration services to them; (iii) online cultural service providers shall strictly protect personal information and take necessary measures in a timely manner to stop the cyberbullying and prevent the spread of relevant information upon receiving notification from a minor who has been cyberbullying or his/her parents or other guardians; (iv) online cultural service providers shall block harmful content to minors and prohibit live broadcast rooms from luring minors to access harmful contents by displaying vulgar pictures, suggestive messages and private contact information such as phone numbers, WeChat numbers and QR codes; (v) solo appearances of minors or appearances by adults of more than a certain duration and recognized as using minors to accumulate popularity and profit by live rooms or short video accounts, or accounts that take the use of child models to attract attention or profit from goods shall be seriously punished; (iv) online cultural service providers shall set up protection mechanisms such as password lock, time lock, consumption limit, behavior tracking and uninstall and reinstall inheritance (anti-bypass) for minor-aged users, to prevent loopholes such as theft, fraudulent use and borrowed accounts in time.

On October 16, 2023, the State Council Promulgated the Regulations on the Protection of Minors Online, which became effective on January 1, 2024. Pursuant to these regulations, Internet service providers shall assume their social responsibilities for protecting minors online and accept oversight from both the government and society. If an Internet product or service contains information that may cause or induce minors to imitate unsafe behavior, violate social ethics, generate extreme emotions, develop bad habits, or otherwise impact the physical and mental well-being of minors, any organization or individual producing, reproducing, releasing, or disseminating such information shall provide a prominent reminder before displaying the information. Internet product and service providers shall establish and improve their anti-addiction systems, must not offer products and services to minors that induce addiction, and shall promptly modify content, functions, or rules that may lead to addiction in minors. Internet service providers, including online gaming, online livestreaming, online audio and video, and online social networking service providers, shall establish minor modes based on the characteristics of usage of their services by minors of different ages and employ measures to reasonably limit the single expenditure amount and single-day expenditure amount for minors of different ages when using their services. Internet product and service providers that have been ordered to close their website or had their relevant business permit or business license revoked, as the penalty for violation of these regulations, are not allowed to reapply for the relevant permit for five years.

The Draft Measures for Online Game also reiterates the importance of minors protection and set up requirements for online game publishers and operators, including but not limited to online game publishers and operators shall employ practical measures to improve the time and expenditure management functions within online games, and provide facilitation for guardians and schools to perform their relevant responsibilities.

Regulations Relating to Virtual Currency

On January 25, 2007, the Ministry of Public Security, the Ministry of Culture, the Ministry of Information Industry and the GAPP jointly issued a circular regarding online gambling, which has implications on the issuance and use of virtual currency. To curtail online games that involve gambling while addressing concerns that virtual currency might be used for money laundering or illicit trade, the circular (i) prohibits online game operators from charging commissions in the form of virtual currency in connection with the winning or losing of games; (ii) requires online game operators to impose limits on use of virtual currency in guessing and betting games; (iii) bans the conversion of virtual currency into real currency or property; and (iv) prohibits services that enable game players to transfer virtual currency to other players. To comply with the relevant section of the circular that bans the conversion of virtual currency into real currency or property, in relation to online music and entertainment, our virtual currency currently can only be used by viewers to exchange for virtual items to be used to show support for performers or gain access to privileges and special features in the channels which are services in nature instead of “real currency or property.” Once the virtual currency is exchanged by viewers for virtual items or the relevant privileged services, the conversion transaction is completed and we immediately cancel the virtual item in our internal system.

In February 2007, 14 PRC regulatory authorities jointly issued a circular to further strengthen the oversight of Internet cafes and online games. In accordance with the circular, the People's Bank of China, or the PBOC, has the authority to regulate virtual currency, including: (i) setting limits on the aggregate amount of virtual currency that can be issued by online game operators and the amount of virtual currency that can be purchased by an individual; (ii) stipulating that virtual currency issued by online game operators can only be used for purchasing virtual products and services within the online games and not for purchasing tangible or physical products; (iii) requiring that the price for redemption of virtual currency shall not exceed the respective original purchase price; and (iv) banning the trading of virtual currency.

On June 4, 2009, the Ministry of Culture and the Ministry of Commerce jointly issued a notice to strengthen the administration of online game virtual currency. The Virtual Currency Notice requires businesses that (i) issue online game virtual currency (in the form of prepaid cards and/or prepayment or prepaid card points), or (ii) offer online game virtual currency transaction services to apply for approval from the MCT through its provincial branches within three months after the issuance of the notice. The Virtual Currency Notice businesses that issue virtual currency for online games are prohibited from offering services that can trade virtual currency. Any company that fails to file the necessary application will be subject to sanctions, including but not limited to, mandatory corrective actions and fines.

Under the Virtual Currency Notice, "online games virtual currency trading service provider" refers to the business that provides platform services related to virtual trading in online games among game users. The Virtual Currency Notice further requires an online game virtual currency transaction service provider to comply with relevant e-commerce regulations issued by the Ministry of Commerce. According to the Guiding Opinions on Online Trading (Interim) issued by the Ministry of Commerce on March 6, 2007, online platform services are trading services provided to online buyers and sellers through a computer information system operated by the service provider.

The Virtual Currency Notice regulates, among others, the amount of virtual currency a business can issue, the retention period of user records, the function of virtual currency and the return of unused virtual currency upon the termination of online services. Online game operators are prohibited from distributing virtual items or virtual currencies to players through random selection methods such as lottery or betting, and the player directly pays cash or virtual currency. Game operators are prohibited from issuing virtual currency to game players in any way other than legal tender purchases. Any business that provides online game virtual currency transaction services is required to adopt technical measures to restrict the transfer of online game virtual currency among accounts of different game players.

In May 2019, the MCT announced that it would no longer assume the responsibility of overseeing the online games industry.

Regulations on E-Commerce Activities

On August 31, 2018, the SCNPC promulgated the E-commerce Law, or the PRC E-commerce Law, which became effective on January 1, 2019. The E-commerce Law clarifies the obligations of the e-commerce platform operators. On March 15, 2021, the SAMR issued the Measures for the Supervision and Administration of Online Transactions, or the Online Transaction Measures, which became effective on May 1, 2021 and was recently amended and will become effective on May 1, 2025. The Online Transaction Measures further emphasize, among others, that e-commerce platform operators are required to establish mechanisms to inspect and monitor products and services provided by the merchants, and shall submit the identity information of those merchants to the local branches of the SAMR.

On August 16, 2022, the SAMR published the Guidelines on Business Activities relating to Blind Boxes (Trial) (Draft for Comments), or the Blind Box Guidelines, which aimed at regulating the blind boxes business activities in China. Pursuant to the Blind Box Guidelines, the "blind boxes business activities" means that a blind box operator sells goods or provides services, in the way of random selection by consumers within a certain range but without prior notification of the specific model, style or content of the goods and services. Blind box operators shall provide the key information, including but not limited to the name, type, style, selection rules, distribution, quantity and value range of goods, for consumers in a prominent manner, and shall not make any false or misleading commercial propaganda to deceive or induce consumers. Besides, blind box operators shall not engage in gambling activities in the name of or in the disguised form of blind boxes. Furthermore, blind box operators shall not sell blind boxes to minors under the age of 8. When selling blind boxes to minors aged 8 or above, blind box operators shall confirm that the consent of the guardians of such minors has been obtained through on-site inquiry or online identification. The period for public comments ended on August 30, 2022, and there is no timetable as to when the Blind Box Guidelines will be enacted. There remain uncertainties about how the Blind Box Guidelines will be enacted, interpreted, or implemented and how they will affect our operations.

The Law on the Protection of Consumer Rights and Interests of the PRC, as promulgated by the SCNPC on October 31, 1993 and last amended on October 25, 2013, contains the code of conduct for business operators when dealing with consumers, including but not limited to: (i) complying with the Product Quality Law of the PRC and other relevant laws and regulations; (ii) providing accurate information about the goods and services and the quality and use of such goods and services, and avoiding making any false or misleading advertising; (iii) ensuring that the actual quality and function of the goods or services are consistent with the quality of the goods or services indicated by advertising data, product descriptions, samples or other means; and (iv) avoiding creating terms that are unreasonable or unfair to consumers, or exempt themselves from civil liability when they damage consumers' legitimate rights and interests.

Regulations on Online Music

On November 20, 2006, the Ministry of Culture issued the Several Opinions on the Development and Administration of Online Music, or the Online Music Opinions, which became effective on the same date. The Online Music Opinions provide that, among other things, an Internet music service provider must obtain an Online Culture Business License. On October 23, 2015, the Ministry of Culture promulgated the Circular on Further Strengthening and Improving the Content Administration of Online Music, effective as of January 1, 2016, which provides that Internet culture operating entities shall report to a nationwide administrative platform the details of its self-monitoring activities on a quarterly basis.

In 2010 and 2011, the Ministry of Culture greatly intensified its regulations on online music products by issuing a series of circulars regarding online music industry, such as the Circular on Regulating the Market Order of Online Music Products and Renovating Illegal Conducts of Online Music Websites and the Circular on Investigating Illegal Online Music Websites in 2010. In addition, the Ministry of Culture issued the Circular on Clearing Illegal Online Music Products, which clarified that entities engaging in any of the following conducts will be subject to relevant penalties or sanctions imposed by the Ministry of Culture: (i) providing online music products or relevant services without obtaining corresponding qualifications; (ii) importing online music products that have not been reviewed by the Ministry of Culture; or (iii) providing domestically developed online music products that have not been filed with the Ministry of Culture.

On July 8, 2015, the National Copyright Administration issued the Circular regarding Ceasing Transmitting Unauthorized Music Products by Online Music Service Providers, which requires that (i) all unauthorized music products on the platforms of online music services providers shall be removed prior to July 31, 2015, and (ii) the National Copyright Administration investigate and punish the online music services providers who continue to transmit unauthorized music products following July 31, 2015.

Regulations Relating to Commercial Performances

The Administrative Regulations on Commercial Performances (2020 Revision) was promulgated by the State Council and took effect on November 29, 2020. According to these regulations, to engage legally in commercial performances, a culture and arts performance group shall have full-time performers and equipment in line with its performing business, and file an application with the culture administrative department of the people's government at the county level for approval; while a performance brokerage agency shall have three or more full-time performance brokers and funds suitable for the relevant business, and file an application with the culture administrative department at the provincial level. The culture administrative department shall make a decision within 20 days from the receipt of the application whether to approve the application, and upon approval, will issue a commercial performance license. Anyone or any entity engaging in commercial performance activities without approval may have a penalty imposed, in addition to being ordered to cease its actions. Such penalty may include confiscation of performance equipment and illegal proceeds, and a fine of eight to 10 times the illegal proceeds. Where there are no illegal proceeds or the illegal proceeds are less than RMB10,000, a fine of RMB50,000 to RMB100,000 will be imposed.

Regulations Relating to Production of Radio and Television Programs

On July 19, 2004, the SARFT issued the Regulations on the Administration of Production and Operation of Radio and Television Programs, or the Radio and TV Programs Regulations, which took effect on August 20, 2004 and was amended on August 28, 2015 and October 29, 2020, respectively. The Radio and TV Programs Regulations require any entities engaging in the production and operation of radio and television programs to obtain a license for such businesses from the NRTA or its provincial branches. Entities with the Radio and Television Program Production and Operating Permit must conduct their business operations strictly in compliance with the approved scope of production and operations and these entities (except radio and TV stations) must not produce radio and TV programs regarding current political news or similar subjects.

Regulations Relating to Advertising Business

The SAMR (formerly known as the State Administration of Industry and Commerce) is the primary governmental authority regulating advertising activities in China. Regulations that apply to the advertising business primarily include (i) the PRC Advertisement Law, promulgated by the SCNPC on October 27, 1994 and most recently amended on April 29, 2021, and (ii) the Administrative Regulations for Advertising, promulgated by the State Council on October 26, 1987 and which has been effective since December 1, 1987.

According to the above regulations, companies that engage in advertising activities must obtain, from the SAMR or its local branches, a business license, which specifically includes operating an advertising business in its business scope. Enterprises engaged in the advertising business with such advertising business in its business scope do not need to apply for an advertising operation license, but such enterprise cannot be a radio station, a television station, a newspaper and magazine publishing house or any entity otherwise specified in the relevant laws or administrative regulations. The business license of an advertising company is valid for the duration of its existence, unless the license is suspended or revoked due to a violation of any relevant laws or regulations.

PRC advertising laws and regulations set certain content requirements for advertisements in China, including, among other things, prohibitions on false or misleading content, misleading wording, (or) excess wordiness, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisers, advertising agencies and advertising distributors are required to ensure that the content of the advertisements they prepare or distribute is true and in complete compliance with applicable laws. In providing advertising services, advertising operators and advertising distributors must review supporting documents provided by advertisers for advertisements and verify that the content of the advertisements complies with applicable PRC laws and regulations. Prior to distributing advertisements that are subject to government censorship and approval, advertising distributors are obligated to confirm that such censorship has been performed and approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. Where serious violations occur, the SAMR or its local branches may revoke such offenders' licenses or permits for their advertising business operations.

On March 9, 2020, the SAMR promulgated the Notice on the issuance of the "Key Points of the Inter-Ministry Joint Conference on Rectifying False and Illegal Advertising in 2020" and the "Work System of the Inter-Ministry Joint Conference on Rectifying False and Illegal Advertising." According to the above regulations, the SAMR will study and strengthen the supervision of emerging advertising formats, especially key platforms and key media, and supervise Internet platforms to consciously fulfill their legal obligations and responsibilities to verify relevant certification documents and advertising contents, as well as avoiding publishing false and illegal advertisements.

On February 25, 2023, the SAMR published the Administrative Measures for Internet Advertising, or the Measures on Internet Advertising, which became effective on May 1, 2023 and replace the Interim Measures for the Administration of Internet Advertising released in 2016. The Measures on Internet Advertising require that online advertisements shall be identifiable so that it can be clearly identified by consumers as an advertisement. Users should be able to close pop-up advertisements using one button and provide that the pop-up advertisements shall not contain a countdown timer or require more than one click to close and shall not pop up more than once on the same page. In addition, the Measures on Internet Advertising provide that internet advertising operators and distributors shall establish a system for registering and reviewing advertisers and advertisements and verify and update such system on a regular basis. Platform operators that provide internet information services are required to inspect the content of advertisements displayed and published by using their information services and cooperate with market supervision administration authorities to inspect advertisements and provide information and evidence on alleged illegal advertisements requested by such authorities. The Measures on Internet Advertising also provide that advertising via livestreaming is subject to the new rules. Further, the Measures on Internet Advertising prohibit internet operators from publishing advertisements for certain items on internet media that targets minors, including, among others, advertisements related to online games that are harmful to the physical or mental health of minors, cosmetics, alcohol or beauty.

Regulations Relating to Intellectual Property Rights

Copyright

China has enacted various laws and regulations relating to the protection of copyright. China is a signatory to some major international conventions on protection of copyright and became a member of the Berne Convention for the Protection of Literary and Artistic Works in October 1992, the Universal Copyright Convention in October 1992 and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

The PRC Copyright Law, promulgated in 1990 and amended in 2001, 2010 and 2020, respectively, or the Copyright Law, and its related implementing regulations, promulgated in 2002 and amended in 2013, are the principal laws and regulations governing copyright related matters. The Copyright Law provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright of their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

The State Council and the National Copyright Administration have promulgated various rules and regulations relating to the protection of software in China. According to these rules and regulations, software owners, licensees and transferees may register their rights in software with the Copyright Protection Center of China and obtain software copyright registration certificates. Although such registration is not mandatory under PRC law, software owners, licensees and transferees are encouraged to go through the registration process and registered software rights may be entitled to better protection. For the number of software programs for which we had registered software copyrights as of the date of this annual report, see "Item 4. Information of the Company—4.B. Business Overview—Intellectual Property."

The amended Copyright law covers Internet activities, products disseminated over the Internet and software products, among the subjects entitled to copyright protection. Registration of copyright is voluntary, and it is administrated by the Copyright Protection Center of China. To further clarify some key Internet copyright issues, on December 17, 2012, the PRC Supreme People's Court promulgated the Regulation on Several Issues Concerning Applicable Laws on Trial of Civil Disputes over the Infringement of Information Network Transmission Right, or the 2013 Regulation. The 2013 Regulation took effect on January 1, 2013, and replaced the Interpretations on Some Issues Concerning Applicable Laws for Trial of Disputes over Internet Copyright, which was initially adopted in 2000 and subsequently amended in 2004 and 2006. Under the 2013 Regulation, where an Internet information service provider works in cooperation with others to jointly provide works, performances, audio and video products of which the right holders have information network transmission right, such behavior will constitute joint infringement of third parties' information network transmission right, and the PRC court shall order such Internet information service provider to assume joint liability for such infringement.

To address the problem of copyright infringement related to content posted or transmitted on the Internet, the National Copyright Administration and the Ministry of Information Industry jointly promulgated the Measures for Administrative Protection of Copyright Related to Internet on April 29, 2005. These measures, which became effective on May 30, 2005, apply to acts of automatically providing services such as uploading, storing, linking or searching works, audio or video products, or other content through the Internet based on the instructions of Internet users who publish content on the Internet, or the Internet Content Providers, without editing, amending or selecting any stored or transmitted content. When imposing administrative penalties upon the act which infringes upon any user's right of communication through information networks, the Measures for Imposing Copyright Administrative Penalties, promulgated in 2009, shall be applied.

Where a copyright holder finds that certain Internet content infringes upon its copyright and sends a notice to the relevant Internet information service operator, the relevant Internet information service operator is required to (i) immediately take measures to remove the relevant content, and (ii) retain all infringement notices for six months and to record the content, display time and IP addresses or the domain names related to the infringement for 60 days. If the content is removed by an Internet information service operator according to the notice of a copyright holder, the content provider may deliver a counter-notice to both the Internet information service operator and the copyright holder, stating that the removed content does not infringe upon the copyright of other parties. After the delivery of such counter-notice, the Internet information service operator may immediately reinstate the removed content and shall not bear administrative legal liability for such reinstatement.

An Internet information service operator may be subject to cease-and-desist orders and other administrative penalties such as confiscation of illegal income and fines, if it is clearly aware of a copyright infringement through the Internet or, although not aware of such infringement, it fails to take measures to remove relevant content upon receipt of the copyright owner's notice of infringement and, as a result, damages public interests. Where there is no evidence to indicate that an Internet information service operator is clearly aware of the existence of copyright infringement, or the Internet information service operator has taken measures to remove relevant content upon receipt of the copyright owner's notice, the Internet information service provider shall not bear the relevant administrative legal liabilities.

We have adopted measures to mitigate copyright infringement risks, but we could still face copyright infringement claims with respect to copyrighted content being streamed live, recorded or made accessible, or songs performed live, recorded or made accessible on our platform. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Our Industry—We may be subject to intellectual property infringement claims or other allegations by third parties for information or content displayed on, retrieved from or linked to our platform, or distributed to our users, or for proprietary information appropriated by former employees, which may materially and adversely affect our business, financial condition and prospects."

Patent

The National People's Congress adopted the PRC Patent Law in 1984 and amended it in 1992, 2000, 2008 and 2020, respectively, the latest amendment of which took effect on June 1, 2021. A patentable invention, utility model or design must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for a 20-year term for an invention, a ten-year term for a utility model and a 15-year term for a design. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder. For the number of patent applications, we made as of the date of this annual report, see "Item 4. Information of the Company—4.B. Business Overview—Intellectual Property."

According to the PRC Patent Law, if the Patent Office finds the application of an invention conforms to legal requirements after its preliminary examination of such application documents, it shall publish the application promptly within 18 full months after the filing date. According to the Guidelines of Patent Examination, the examination of a patent shall include preliminary examination, substantive examination, examination of international applications entering the national phase and review. However, the above-mentioned regulations do not explicitly state how long it takes for a patent application to be approved or denied. In practice, it generally may take up to one year for the Patent Office to review and approve or deny applications of patents in the category of utility model or design and two to five years in the category of invention.

Trademark

The PRC Trademark Law, adopted in 1982 and amended in 1993, 2001, 2013 and 2019, with its implementation rules adopted in 2014, protects registered trademarks. The Trademark Office of National Intellectual Property Administration, or the Trademark Office handles trademark registrations and grants a protection term of ten years to registered trademarks, which may be extended for another ten years upon request. Trademark license agreements must be filed with the Trademark Office for record. For the number of trademarks, we had and trademark applications we have made as of the date of this annual report, see "Item 4. Information of the Company—4.B. Business Overview—Intellectual Property."

Domain name

The MIIT promulgated the Measures on Administration of Internet Domain Names, or the Domain Name Measures, on August 24, 2017, which took effect on November 1, 2017 and replaced the Administrative Measures on China Internet Domain Names promulgated on November 5, 2004. According to the Domain Name Measures, the MIIT is in charge of the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names shall provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure. On November 27, 2017, the MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet Information Services, which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an internet information service provider in providing internet information services must be registered and owned by such provider in accordance with the law. If the internet information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior manager. For the number of domain names we registered as of the date of this annual report, see "Item 4. Information of the Company—4.B. Business Overview—Intellectual Property."

Regulations Relating to Internet Infringement

The PRC Civil Code, which was adopted by the National People's Congress on May 28, 2020 and became effective on January 1, 2021, provides that: an online service provider should be held liable for its own tortious acts in providing online services; (ii) where an Internet user engages in tortious conduct through Internet services, the obligee shall have the right to notify the Internet service provider that it should take necessary action such as by deleting content, screening, breaking links, etc.; after receiving the notice, the network service provider shall promptly forward the notice to the relevant network user and take necessary measures in light of the preliminary evidence of infringement and the type of service; if the Internet service provider fails to take necessary action after being notified, it shall be jointly and severally liable with the Internet user with regard to the additional injury or damage suffered; and (iii) where an Internet service provider knows or should have known that an Internet user is infringing upon other people's civil rights and interests through its Internet service but fails to take necessary action, it shall be jointly and severally liable with the Internet user.

Regulations Relating to Internet Content

The Administrative Measures on Internet Information Services specify that Internet information services regarding news, publications, education, medical and health care, pharmaceutical and medical appliances, among other things, are to be examined, approved and regulated by the relevant authorities. Internet information providers are prohibited from providing services beyond those included in the scope of their ICP Licenses or filings. The PRC government has promulgated measures relating to Internet content through a number of governmental agencies, including the MIIT, the Ministry of Culture and the GAPP. These measures specifically prohibit Internet activities that result in the publication of any content which is found to propagate obscenity, gambling or violence, instigate crimes, undermine public morality or the cultural traditions of the PRC or compromise state security or secrets. Internet information providers must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the offensive content immediately, keep a record of it and report it to the appropriate authorities.

On December 28, 2012, the SCNPC reiterated relevant rules on the protection of Internet information by issuing the Decision on Strengthening the Protection of Network Information, or the 2012 Decision. The 2012 Decision distinctly clarified certain relevant obligations of Internet information service providers. Once it discovers any transmission or disclosure of information prohibited by relevant laws and regulations, the Internet information service provider shall stop transmission of such information, take measures such as elimination, keeping relevant records and reporting to relevant authorities.

On December 15, 2019, the CAC promulgated the Provisions on the Ecological Governance of Network Information Contents, which became effective on March 1, 2020. It requires network platform operators like us not to disseminate illegal content, nor to present exaggerated, sexually suggestive, discriminative or otherwise inappropriate contents in eye-catching areas such as home page, popup and hot search list.

To comply with the above laws and regulations, we have developed and continuously upgraded the mechanisms to monitor the content on our platform, such as AI-backed automatic detection process, manual review, self-regulation system by streamers and room managers and report by users, see "Item 4. Information of the Company—4.B. Business Overview—Content Monitoring System."

Regulations Relating to Internet Security

The National People's Congress, China's national legislative body, enacted the Decisions on the Maintenance of Internet Security on December 28, 2000 and subsequently amended on August 27, 2009, that may subject persons to criminal liability in China for any attempt to: (i) hack into a computer or system of strategic importance; (ii) intentionally invent and spread destructive programs such as computer viruses to attack the computer system and the communications network and damage the computer system and the communications networks; (iii) discontinue the computer network or the communications service without authorization in violation of national regulations; (iv) leak state secrets; (v) spread false commercial information; or (vi) infringe on intellectual property rights. The Ministry of Public Security has promulgated measures that prohibit the use of the Internet in ways which, among other things, result in a leakage of state secrets or the spread of socially destabilizing content.

On December 13, 2005, the Ministry of Public Security promulgated Provisions on Technological Measures for Internet Security Protection, or the Internet Protection Measures, which took effect on March 1, 2006. The Internet Protection Measures require all Internet information services operators to take proper measures including anti-virus, data back-up and other related measures, and keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days and submit the above information as required by laws and regulations.

In 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (2011 Revision), which prohibit using the Internet in ways which, among others, result in a leak of state secrets or a spread of socially destabilizing content. The Ministry of Public Security has supervision and inspection powers in this regard, and relevant local security bureaus may also have jurisdiction. If an ICP License holder violates these measures, the PRC government may revoke its ICP License and shut down its website.

On July 1, 2015, the SCNPC issued the PRC National Security Law, which came into effect on the same day. The National Security Law provides that the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact national security of China.

In November 2016, the SCNPC promulgated the PRC Cyber Security Law of the PRC, or the Cyber Security Law, which took effect on June 1, 2017. In accordance with the Cyber Security Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network service providers must take technical and other necessary measures as required by laws, regulations and mandatory requirements to safeguard the operation of networks, respond to network security effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. On September 12, 2022, the CAC released the Decision on Amending the Cyber Security Law of the PRC (Draft for Comments), which makes amendments on certain legal liabilities prescribed in the Cyber Security Law. It proposes to increase the maximum fines for serious violation of the security protection obligations of network operation, network information, critical information infrastructure and personal information under the PRC Cyber Security Law to RMB50 million or up to 5% of the turnover of the company in the preceding year. The period for public comments ended on September 29, 2022, and there is no timetable as to when the draft will be enacted.

On December 28, 2021, the CAC, the NDRC, the MIIT, and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures, which became effective on February 15, 2022 and replaces the Measures for Cybersecurity Review. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that purchase network products and services and network platform operators engaging in data processing activities are subject to cybersecurity review under the Cybersecurity Review Measures if their activities affect or may affect national security. According to the Cybersecurity Review Measures, before purchasing any network products or services, a critical information infrastructure operator shall assess potential national security risks that may arise from the launch or use of such products or services, and apply for a cybersecurity review with the cybersecurity review office of the CAC if national security will or may be affected. In addition, network platform operators who possess personal information of more than one million users and intend to be listed on a foreign stock exchange must be subject to the cybersecurity review. The relevant competent governmental authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

On June 10, 2021, the SCNPC promulgated the Data Security Law, which took effect on September 1, 2021.The Data Security Law introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. The Data Security Law also requires data processing operators to establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security. In addition, PRC entities and individuals shall not provide any data stored in the PRC to foreign justice or enforcement agencies without the approval of PRC government authorities.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law, which stipulates improvement on the laws and regulations related to data security, cross-border data transfer and the management of confidential information, strengthens principal responsibility for the information security of overseas listed companies, strengthens standardized mechanisms for providing cross-border information, and improves upon of cross-border audit regulatory cooperation in accordance with the law and the principle of reciprocity.

On July 30, 2021, the State Council promulgated the Regulations on Protection of Security of Critical Information Infrastructure, effective on September 1, 2021, pursuant to which, a "critical information infrastructure" refers to refer to critical network facilities and information systems involved in important industries and sectors, such as public communication and information services, energy, transportation, water conservancy, finance, public services, governmental digital services, science and technology related to national defense industry, as well as those which may seriously endanger national security, the national economy and citizens' livelihoods or public interests if damaged or malfunctioned, or if any leakage of data in relation thereto occurs. The appropriate governmental departments and supervision and management departments of the aforementioned important industries will be responsible for (i) organizing the identification of critical information infrastructures in their respective industries in accordance with relevant identification rules, and (ii) promptly notifying the identified operators and the public security department of the State Council of the identification results. In the event of occurrence of any major cybersecurity incident or discovery of any major cybersecurity threat to the critical information infrastructure, the operator shall report to the protection authorities and the public security authorities as required.

On September 24, 2024, the CAC published the Measures on Network Data Security Management, or the Measures for Network Data Security, which provides that network data processors processing personal information of over 10 million individuals shall fulfill certain requirements for processing important data and require network data processors to take certain precautionary measures, such as identifying important data and conducting annual risk assessment. Furthermore, the Measures for Network Data Security allow network data processors to provide personal information overseas only if it is strictly necessary for fulfilling statutory obligations. The Measures for Network Data Security also establish certain obligations of online platform service providers, including offering users an option to turn off personalized recommendations. However, the Measures for Network Data Security remain unclear on how it will be interpreted, amended and implemented by the relevant PRC governmental authorities, it remains uncertain how PRC governmental authorities will regulate overseas listing in general and how we will be affected.

On September 17, 2021, the CAC and other eight government authorities jointly issued the Guiding Opinions on Strengthening the Comprehensive Governance of Network Information Service Algorithms with the aim to, within three years, gradually establish a comprehensive governance pattern for algorithm security with a complete governance mechanism, a refined regulatory system and a standardized algorithm ecosystem. According to the Guiding Opinions on Strengthening the Comprehensive Governance of Network Information Service Algorithms, enterprises shall establish an algorithm security accountability system and a system for the review of scientific and technological ethics, enhance the organizational structure for algorithm security, intensify efforts in the prevention of risks and the handling of hidden dangers, and increase the capacity and level in handling algorithm security emergencies. Enterprises shall raise their awareness of responsibility and assume primary responsibilities for outcomes caused by the application of algorithms.

On December 31, 2021, the CAC, the MIIT, the Ministry of Public Security and the SAMR promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation, which implements classification and hierarchical management for algorithm recommendation service providers based on various criteria. Moreover, it requires algorithmic recommendation service providers to (i) fulfill their responsibilities for algorithmic security, (ii) establish and improve management systems for, among others, algorithm mechanism examination, ethical vetting in technology, user registration, information release vetting, protection of data security and personal information, anti-telecommunications and internet fraud, security assessment and monitoring, and emergency response to security incidents, and (iii) formulate and disclose relevant rules for algorithm recommendation services, and be equipped with professional staff and technical support appropriate to the scale of the algorithm recommendation services. It also requires algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation services, the algorithm recommendation service providers shall immediately stop providing such services. Algorithmic recommendation service providers shall also provide users with the ability to select, modify or delete user labels which are used for algorithmic recommendation services.

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Cross-border Transfer of Data, which became effective on September 1, 2022. These measures require the data processor providing data overseas to apply for the security assessment of cross-border transfer of data with the local provincial-level counterparts of the national cybersecurity authority under any of the following circumstances: (i) where the data processor intends to provide important data overseas; (ii) where a critical information infrastructure operator and a data processor who has processed personal information of more than 1,000,000 individuals intends to provide personal information overseas; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the last year intends to provide personal information overseas; or (iv) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC. Furthermore, the data processor shall conduct a self-assessment on the risk of data cross-border transfer prior to applying for the foregoing security assessment, under which the data processor shall consider certain factors including, among other things, (i) the purpose, scope and manner of the cross-border data transfer and the overseas data recipient processing data and the legality, legitimacy and necessity thereof, (ii) the scale, scope, type and sensitivity of the transferred data, the risks to national security, public interests and the legitimate rights and interests of individuals or organizations arising from the cross-border data transfer, (iii) the overseas data recipient's commitment to assume responsibility and obligations, the management and technical measures to fulfill the responsibilities and obligations, and the ability to ensure the security of the transferred data, (iv) the risk of data being tampered with, destroyed, leaked, lost, transferred, or illegally obtained or illegally used during and after the cross-border transfer, and the existence of channels for safeguarding the rights and interests of personal information, and (v) adequate compliance of data transfer-related contracts or other legally binding documents between the data processor and the overseas recipient with the data security protection responsibilities and obligations. The data processors that in violation of such measures are required to rectify such non-compliance within six months of the effectiveness date thereof.

On December 8, 2022, the MIIT issued the Administrative Measures on the Administration of Data Security in the Industry and Information Technology Areas (for Trial Implementation), which took effect on January 1, 2023, pursuant to which, industrial and telecommunications data processors shall be responsible for the security of the main data processing activities and take the necessary measures to ensure that the data continue to be in a state of effective protection, including but not limited to: (i) establishing a data security full lifecycle management system; (ii) reasonably determining the operational authority for data processing activities; and (iii) developing contingency plans for data security incidents.

To regulate the outbound cross-border transfer of personal data, on February 22, 2023, the CAC promulgated the Measures on the Standard Contract for the Outbound Cross-Border Transfer of Personal Information, which became effective on June 1, 2023. The personal information processors in mainland China shall meet all of the conditions below to provide the personal information abroad by using the Standard Contract: (i) it is not a critical information infrastructure operator; (ii) it processes the personal information of less than 1 million individuals; (iii) it has cumulatively transferred abroad the personal information of less than 100,000 individuals since January 1 of the previous year; and (iv) it has cumulatively transferred abroad the sensitive personal information of less than 10,000 individuals since January 1 of the previous year. Before providing personal information to offshore recipients, personal information processors shall conduct assemenst for the personal information protection impacts. The personal information processor shall file with the provincial cyberspace authority within 10 working days from the effective date of a Standard Contract executed. The processors shall remediate the non-compliance of personal information cross-border activities within six months from the date that the Measures on the Standard Contract for the Outbound Cross-Border Transfer of Personal Information became effective.

On March 22, 2024, the CAC released the Provisions on Promoting and Regulating Cross-border Data Flows, which came into effect on the same day. Such provisions specify the situations in which the declaration for the security assessment, the conclusion of the standard contract, and the personal information protection certification are not required. For example, the following circumstances are not subject to a data export security assessment, entering into a standard contract for the export of personal information, or passing the personal information protection certification: (i) the establishment and performance of a contract with data subjects, such as cross-border shopping, cross-border delivery, cross-border remittance, cross-border payment, cross-border account opening, air ticket and hotel reservation, visa handling and examination services; (ii) where employee personal information must be provided overseas in conjunction with a collective contract and with the implementation of human resources management; (iii) to protect the life, health, and safety of natural persons in an emergency; and (iv) where a data handler other than a critical information infrastructure operator provides abroad the personal information (excluding sensitive personal information) of not more than 100,000 persons accumulatively as of January 1 of the current year. However, to provide personal information abroad, a data handler shall, in accordance with laws and administrative regulations, perform obligations such as notification, obtaining individual consent and conducting an assessment of the impact of personal information protection. Any data handler providing data abroad shall perform data security protection obligations and take technical and other necessary measures to ensure the security of data to be provided abroad.

Regulations Relating to Privacy Protection

Under the Several Provisions on Regulating the Market Order of Internet Information Services, issued by the MIIT in December 2011, an ICP service operator may not collect any users' personal information or provide such information to third parties without the consent of a user. An ICP service operator must expressly inform the users of the method, content and purpose for the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. PRC laws and regulations prohibit Internet content providers from disclosing any information transmitted by users through their networks to any third parties without their authorization unless otherwise permitted by law. An ICP service operator is also required to properly store user personal information, and in case of any leak or likely leak of the users' personal information, the ICP service operator must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authorities. In addition, pursuant to the 2012 Decision and the Order for the Protection of Telecommunication and Internet User Personal Information issued by the MIIT in July 2013, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scope. An ICP service operator must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying of any such information, or selling or providing such information to other parties. If an Internet content provider violates these regulations, the MIIT or its local bureaus may impose penalties and the Internet content provider may be liable for damages caused to its users.

Pursuant to the Ninth Amendment to the Criminal Law of the PRC issued by the SCNPC on August 29, 2015, effective on November 1, 2015, any Internet service provider that fails to fulfill the obligations related to Internet information security as required by applicable laws and refuses to take corrective measures, will be subject to criminal liability for: (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' personal information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

Pursuant to the Cyber Security Law, network operators shall follow their cybersecurity obligations according to the requirements of the classified protection system for cybersecurity, including: (i) formulating internal security management systems and operating instructions, determining the persons responsible for cybersecurity and implementing the responsibility for cybersecurity protection; (ii) taking technological measures to prevent computer viruses, network attacks, network intrusions and other actions endangering cybersecurity; (iii) taking technological measures to monitor and record the network operation status and cybersecurity incidents; (iv) taking measures such as data classification, and back-up and encryption of important data; and (v) other obligations stipulated by laws and administrative regulations. In addition, network operators shall follow the principles of legitimacy to collect and use personal information and disclose their rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information and obtain the consent of the persons whose data is gathered.

On January 23, 2019, the Office of the Central Cyberspace Affairs Commission and other three authorities jointly issued the Circular on the Special Campaign of Correcting Unlawful Collection and Usage of Personal Information via Apps. Pursuant to this 2019 circular: (i) App operators are prohibited from collecting any personal information irrelevant to the services provided by such operator; (ii) information collection and usage policy should be presented in a simple and clear way, and such policy should be consented by the users voluntarily; (iii) authorization from users should not be obtained by coercing users with default or bundling clauses or making consent a condition of service. App operators violating such rules can be ordered by government authorities to correct their incompliance within a given period, be reported in public, or even be quitted their operations or cancelled their business licenses or operational permits.

On October 1, 2019, the CAC issued the Provisions on the Cyber Protection of Children's Personal Information, which require, among others, that network operators who collect, store, use, transfer and disclose personal information of children under the age of 14 shall establish special rules and user agreements for the protection of children's personal information, inform the children's guardians in a noticeable and clear manner and shall obtain the consent of the children's guardians. Furthermore, the authorities issuing the circular vow to initiate a campaign to correct unlawful collection and usage of personal information via apps from January 2019 through December 2019. The PRC Civil Code further provides a stand-alone chapter of right of personality and reiterates that the personal information of a natural person shall be protected by the law. Any organization or individual shall legitimately obtain such personal information of others in due course on a need-to-know basis and ensure the safety and privacy of such information, and refrain from excessively handling or using such information.

According to the Administrative Provisions on Official Account Information Services for Internet Users, or the Official Account Information Services Provisions, which was first promulgated by the CAC on September 7, 2017 and amended recently on January 22, 2021 (effective on February 22, 2021), official account information service platforms shall fulfill their responsibilities for the management of information content and official accounts, assign management personnel and provide technical capabilities suitable for their business scale, set up the post of content security officer, establish, improve and strictly implement management systems for account registration, information content security, ecological governance, emergency response, cybersecurity, data security, personal information protection, intellectual property protection and credit evaluation. The Official Account Information Services Provisions further provide that official account information service platforms not only shall establish systems of categorical registration and creation for official accounts, and implement categorical management, but also shall, in accordance with the information content production quality and information dissemination capabilities of official accounts, the credit evaluation of account entities and other indicators, establish level-by-level management systems and implement level-by-level management. The amendment to the Official Account Information Services Provisions in 2021 emphasizes and enhances the responsibility of the official account information service platforms, including without limitation (i) that they shall verify the legality and compliance of the names, profile photos and introductions of the online public accounts registered by Internet users, and shall suspend provision of services for the users and notify such users to make corrections within a prescribed time frame in case of any inconsistency between such account name, profile photos or introductions and their real identity information, and (ii) that without informed consent of the Internet users, they shall not force the Internet users to subscribe or follow the online public accounts in any manner.

On March 12, 2021, the CAC, the MIIT and the Ministry of Public Security issued the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications, which came into effect on May 1, 2021. The notice clarifies that network operators shall not collect personal information irrelevant to the services they provide and the app operators shall not refuse to provide basic services to users on the ground of users' refusal to provide their personal non-essential information. In particular, as for online communities apps, the necessary personal information includes mobile phone numbers of registered users, and as for online streaming and online video apps, the basic functional services should be accessible without collecting personal information from users.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law, effective from November 1, 2021. The PRC Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer and security. For example, according to the PRC Personal Information Protection Law, sensitive personal information refers to personal information that, if leaked or used illegally, may easily cause harm to the dignity of natural persons, or serious damage to the safety of individuals and properties, including information relating to biometric identification, religious beliefs, specific identities, healthcare, financial account, individual location tracking, etc., as well as personal information of minors under the age of 14. The PRC Personal Information Protection Law requires that separate consent shall be obtained from individuals when processing sensitive personal information, unless otherwise specified by other laws and regulations. When processing personal information of a minor under the age of 14, processors of personal information shall obtain the consent of the minors' parents or guardians, and establish specific processing rules. It also provides that individuals shall have the right to access and obtain a copy of their personal information from the processors of personal information. In addition, the PRC Personal Information Protection Law provides that individuals shall have the right to withdraw their consent to the processing of their personal information, and processors of personal information shall not deny offering products or services on the ground that individuals refuse to give consent or withdraw their consent to the processing of their personal data. Entities handling personal information shall be liable for their personal information handling activities, and shall adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the entities handling personal information could be ordered to rectify or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties. The PRC Personal Information Protection Law further provides that personal information processors shall not provide any personal information stored in the PRC to foreign justice or enforcement agencies without the approval of PRC government authorities.

Regulations Relating to Internet Publication and Cultural Products

On February 4, 2016, the SAPPRFT and the MIIT issued the Administrative Provisions on Online Publishing Services, or the Online Publishing Provisions, which took effect in March 2016. According to the Online Publishing Provisions, all online publishing services provided within the territory of China are subject to the Online Publishing Provisions, and an online publishing services permit shall be obtained in order to provide online publishing services. Pursuant to the Online Publishing Provisions, "online publishing services" refer to providing online publications to the public through information networks, and "online publications" refer to digital works with publishing features such as having been edited, produced or processed and are made available to the public through information networks, including: (i) written works, pictures, maps, games, cartoons, audio-visual reading materials and other original digital works containing useful knowledge or ideas in the field of literature, art, science or other fields; (ii) digital works of which the content is identical to that of any published book, newspaper, periodical, audio-visual product, electronic publication or the like; (iii) network literature databases or other digital works, derived from any of the aforesaid works by selection, arrangement, collection or other means; and (iv) other types of digital works as may be determined by the SAPPRFT.

Regulations Relating to Foreign Currency Exchange and Dividend Distribution

Foreign currency exchange

The core regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, as amended in August 2008, or the FEA Regulations. Certain organizations in the PRC, including foreign-invested enterprises, may purchase, sell and/or remit foreign currencies at certain banks authorized to conduct foreign exchange business upon providing valid commercial documents. However, approval of the SAFE is required for capital account transactions.

On August 29, 2008, the SAFE issued Circular 142 to regulate the conversion of foreign currency into Renminbi by a foreign-invested enterprise by restricting the ways in which converted Renminbi may be used. Circular 142 requires that the registered capital of a foreign-invested enterprise converted into Renminbi from foreign currencies may only be utilized for purposes within its business scope. Meanwhile, the SAFE strengthened its oversight of the flow and the use of the registered capital of a foreign-invested enterprise settled in Renminbi converted from foreign currencies. The use of such Renminbi capital may not be changed without the SAFE's approval, and may not in any case be used as repayment of Renminbi loans if the proceeds of such loans have not been used.

In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment, as amended, which substantially amends and simplifies the foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds by foreign investors in the PRC and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013, as amended, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. After a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, became effective on June 1, 2015, instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals will be required to apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

In 2014, the SAFE decided to further reform the foreign exchange administration system to satisfy and facilitate the business and capital operations of foreign-invested enterprises, and issued the Circular on the Relevant Issues Concerning the Launch of Reforming Trial of the Administration Model of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises in Certain Areas on July 4, 2014, or SAFE Circular 36. The SAFE Circular 36 suspends the application of SAFE Circular 142 in certain areas and allows a foreign-invested enterprise registered in such areas to use the Renminbi capital converted from foreign currency registered capital for equity investments within the scope of business, which will be regarded as the reinvestment of foreign-invested enterprise. On March 30, 2015, the SAFE issued the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, effective on June 1, 2015 and last amended on March 23, 2023, which replaced SAFE Circular 142 and SAFE Circular 36. Under SAFE Circular 19, a foreign-invested enterprise, within the scope of business, may also choose to convert its registered capital from foreign currency to Renminbi on a discretionary basis, and the Renminbi capital so converted can be used for equity investments within the PRC, which will be regarded as the reinvestment of foreign-invested enterprise. Nevertheless, Circular 19 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Further, in June 2016, the SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or Circular 16, which took effect on the same day. Compared to Circular 19, Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding Renminbi obtained from foreign exchange settlement are not restricted from extending loans to related parties or repaying the intercompany loans (including advances by third parties).

On October 23, 2019, SAFE issued the Circular on Further Promoting Cross-border Trade and Investment Facilitation, or SAFE Circular 28. Among others, SAFE Circular 28 relaxes the prior restrictions and allows the foreign-invested enterprises without equity investment as in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investment as long as the investments are real and in compliance with the foreign investment-related laws and regulations. In addition, SAFE Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments without providing authenticity certifications to the relevant banks in advance for those domestic payments. According to the Circular on Optimizing the Administration of Foreign Exchange to Support the Development of Foreign-related Business issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments using the income under their capital accounts generated from their capital, foreign debt and overseas listing, without providing materials for each transaction evidencing the authenticity in advance, provided that the capital usage is authentic and compliant with the current capital account income usage management regulations.

On December 4, 2023, SAFE issued the Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment, which releases new foreign exchange management policies and revises some rules under the SAFE Circular 16 and Circular 28. According to the previous notice, qualified small and medium-sized high-tech enterprises, enterprises that specialize in niche sectors, command a high market share and have strong innovative capacity and core technologies and technology-based enterprises may independently borrow foreign debts within the limit of the equivalent of USD5 million or 10 million (depend on its jurisdiction).

Dividend distribution

Pursuant to the SAFE's Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, issued and effective on July 4, 2014, and its appendices, PRC residents, including PRC institutions and individuals, must register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interest in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, including but not limited to increases or decreases of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015 by the SAFE, local banks will be responsible for examining and handling foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and the amendment registrations.

In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making distributions of profit to the offshore parent and from carrying out subsequent cross-border foreign exchange activities and the special purpose vehicle may be restricted in their ability to contribute additional capital into its PRC subsidiary. And, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for foreign exchange evasion, including (i) up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive. Furthermore, the persons-in-charge and other persons at our PRC subsidiaries who are held directly liable for the violations may be subject to criminal sanctions. These regulations apply to our direct and indirect shareholders who are PRC residents and may apply to any offshore acquisitions and share transfer that we make in the future if our shares are issued to PRC residents. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiary's ability to increase their registered capital or distribute profits to us or otherwise expose us to liability and penalties under PRC law."

Stock Option Rules

Pursuant to the Circular on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company issued by the SAFE in February 2012, or the SAFE Circular 7, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with the SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries' ability to distribute dividends to us. The PRC agents shall, on behalf of the PRC residents who have the right to exercise the employee share options, apply to the SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, the PRC agents shall file each quarter the form for record-filing of information of the Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies with the SAFE or its local branches. We and our PRC citizen employees who have been granted share options, or PRC option holders, will be subject to the SAFE Circular 7 when our company becomes an overseas listed company upon the completion of our initial public offering in July 2019. If we or our PRC option holders fail to comply with the SAFE Circular 7, we and our PRC option holders may be subject to fines and other legal sanctions. See "Item 3. Key Information—3.D. Risk Factors—Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions."

In addition, the State Administration for Taxation has issued circulars concerning employee share options, under which our employees working in the PRC who exercise share options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or if we fail to withhold their income taxes as required by relevant laws and regulations, we may face sanctions imposed by the PRC tax authorities or other PRC government authorities.

Regulations Relating to Tax

PRC enterprise income tax

The PRC enterprise income tax is calculated based on the taxable income determined under the PRC Enterprise Income Tax Law and its implementation rules. On March 16, 2007, the National People's Congress of China enacted the PRC Enterprise Income Tax Law, which became effective on January 1, 2008 and was subsequently amended on February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council promulgated the implementation rules to the PRC Enterprise Income Tax Law, which was effective in 2008 and was last amended in January 2025.

Under the PRC Enterprise Income Tax Law, an enterprise established outside China with "de facto management bodies" within China is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. A circular issued by the State Taxation Administration in April 2009 and amended in 2017 regarding the standards used to classify certain Chinese invested enterprises controlled by Chinese enterprises or Chinese enterprise groups and established outside of China as "resident enterprises," or the SAT Circular 82, clarified that dividends and other income paid by such PRC "resident enterprises" will be considered PRC source income and subject to PRC withholding tax, currently at a rate of 10% when paid to non PRC resident enterprise shareholders. This circular also subjects such PRC "resident enterprises" to various reporting requirements with the PRC tax authorities. Under the implementation regulations to the PRC Enterprise Income Tax Law, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. On July 27, 2011, the SAT issued the Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial), or SAT Bulletin 45, which became effective on September 1, 2011. Such administrative measures further provide guidance on residence status determination and post-determination administration as well as the relevant procedures for competent tax authorities.

According to the SAT Circular 82 and SAT Bulletin 45, a Chinese-controlled offshore-incorporated enterprise will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions set forth in Circular 82 are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals and board and shareholder resolutions are located or maintained in the PRC; and (iv) 50% or more of voting board members or senior executives habitually reside in the PRC.

We do not meet all of the conditions set forth in SAT Circular 82. Therefore, we believe that we should not be treated as a "resident enterprise" for PRC tax purposes even if the standards for "de facto management body" prescribed in the SAT Circular 82 are applied to us. For example, certain of our minutes and files of the resolutions of our board of directors and the resolutions of our shareholders are maintained outside the PRC. However, it is possible that the PRC tax authorities may take a different view. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—Under the PRC enterprise income tax law, we may be classified as a PRC 'resident enterprise,' which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment."

Pursuant to the PRC EIT Laws, an entity qualified as software enterprise, or an SE, is entitled to an exemption from income taxation for the first two years, counting from the year the entity makes profit, and a reduction of half EIT tax rate for the next three years. Douyu Yule has been qualified as an SE.

PRC indirect transfer tax

On February 3, 2015, the SAT issued the Notice on Several Issues Concerning Enterprise Income Tax for Indirect Assets Transfer by Non-PRC Resident Enterprises, as amended in 2017, or SAT Circular 7. Pursuant to SAT Circular 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure. According to SAT Circular 7, where the payor fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. SAT Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange. On October 17, 2017, the SAT issued the Circular on Issues of Tax Withholding of Income Tax of Non-resident Enterprise at Source, or SAT Circular 37, which further elaborates the relevant implemental rules regarding the calculation, reporting and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of SAT Circular 7. SAT Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

Value added tax

On January 1, 2012, the State Taxation Administration officially launched a pilot VAT reform program, or Pilot Program, applicable to businesses in selected industries. Businesses in the Pilot Program would pay VAT instead of business tax. The Pilot Industries in Shanghai included industries involving the leasing of tangible movable property, transportation services, research and development and technical services, information technology services, cultural and creative services, logistics and ancillary services, certification and consulting services. The Pilot Program initially applied only to transportation industry and modern service industries, Pilot Industries, in Shanghai in 2011 and expanded to eight trial regions (including Beijing and Guangdong province) and nationwide progressively from August to August 2013. Revenues generated by advertisement services, a type of "cultural and creative services," are subject to the VAT rate of 6%. According to official announcements made by competent authorities in Beijing and Guangdong province, Beijing launched the same Pilot Program on September 1, 2012, and Guangdong province launched it on November 1, 2012. Revenues generated by advertisement services, a type of "cultural and creative services," are subject to the VAT rate of 6%.

On March 23, 2016, the MOF and the SAT issued the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value added Tax in Lieu of Business Tax. Effective from May 1, 2016, the PRC tax authorities collect VAT in lieu of Business Tax in all regions and industries. All of our entities were subject to VAT at the rate of 6% for services provided and 16% for goods sold as of December 31, 2018. On March 20, 2019, the SAT announced that the VAT rate of 16% for sale of goods be reduced to 13%, effective from April 1, 2019.

Withholding Tax on Dividend

A PRC resident enterprise which distributes dividends to its non-PRC resident shareholders should withhold PRC income tax at a rate of 10% according to PRC law. However, pursuant to the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, if the beneficial owner of the dividends is a Hong Kong resident enterprise, which directly holds at least 25% of the equity interest of the aforesaid enterprise (i.e., the dividend distributor), the tax levied shall be 5% of the distributed dividends. Meanwhile, the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties has stipulated some factors that are unfavorable to the determination of "beneficial owner," particularly in the case of holding companies.

In addition, pursuant to the Circular of the State Taxation Administration on Relevant Issues Relating to the Implementation of Dividend Clauses in Tax Treaties, which was issued by the SAT on February 20, 2009, for a tax resident of the counterparty to the tax treaty to be entitled to such tax treatment specified in the tax treaty with respect to the dividends paid to it by a PRC resident company, all of the following requirements should be satisfied: (i) the tax resident who obtains dividends should be a company as provided in the tax treaty; (ii) the equity interests and the voting shares of the PRC resident company directly owned by such tax resident is at least a specified percentage; and (iii) the capital ratio of the PRC resident company directly owned by such tax resident is at least the percentage specified in the tax treaty at any time within 12 months prior to acquiring the dividends.

Regulations Relating to Labor and Social Insurance

The principal laws that govern employment include (i) the PRC Labor Law, promulgated by the SCNPC on July 5, 1994, which has been effective since January 1, 1995 and most recently amended on December 29, 2018, and (ii) the PRC Labor Contract Law, promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012.

According to the PRC Labor Law and the PRC Labor Contract Law, employers must execute written labor contracts with full-time employees. All employers must compensate their employees with wages equal to at least the local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly comply with state rules and standards and provide employees with workplace safety training. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative penalties. For serious violations, criminal liability may arise.

In addition, an employer is obligated to sign an indefinite term labor contract with an employee if the employer continues to employ the employee after two consecutive fixed term labor contracts. The employer also has to pay compensation to the employee if the employer terminates an indefinite term labor contract. Moreover, employers in China are required to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

According to the PRC Social Insurance Law promulgated by the National People's Congress of the PRC on October 28, 2010, effective since July 1, 2011 and amended on December 29, 2018, together with other relevant laws and regulations, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and be subject to a late fee. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Administration of Housing Fund promulgated by the State Council on April 3, 1999 and amended in 2002 and 2019 respectively, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

Regulations Relating to Anti-monopoly Matters related to Internet Platform Companies

The PRC Anti-monopoly Law, which was promulgated on August 1, 2008 and most recently amended on June 24, 2022, prohibits monopolistic conduct such as entering into monopoly agreements, abusing market dominance and concentration of undertakings that may have the effect of eliminating or restricting competition. The PRC Anti-monopoly Law requires that the anti-monopoly law enforcement agency be notified in advance of any transaction where the parties' turnover in the China market and/or global market exceed certain thresholds and the buyer would obtain control of, or decisive influence over, the target as a result of the business combination. As further clarified by the Provisions of the State Council on the Threshold of Filings for Undertaking Concentrations issued by the State Council in 2008 and amended in September 2018 and January, 2024, such thresholds include (i) the total global turnover of all operators participating in the transaction exceeds RMB12 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the transaction exceeded RMB4 billion in the preceding fiscal year, and at least two of those operators that had a turnover of more than RMB800 million within China in the preceding fiscal year. The Threshold of Filings for Undertaking Concentrations further requires that, if there is evidence indicating that the concentration of business operator has or may have an effect of excluding or limiting competition, the anti-monopoly authority may order the relevant operators to file for clearance, regardless of the threshold standard.There are numerous factors the Anti-monopoly law enforcement agency considers in determining "control" or "decisive influence," and, depending on certain criteria, the Anti-monopoly law enforcement agency may conduct Anti-monopoly review of transactions in respect of which it was notified.

The amended PRC Anti-monopoly Law which was amended on June 24, 2022 and took effect on August 1, 2022 increases the fines for illegal concentration of business operators to no more than 10% of its last year's sales revenue if the concentration of business operator has or may have an effect of excluding or limiting competitions, or a fine of up to RMB5 million if the concentration of business operator does not have an effect of excluding or limiting competition. The PRC Anti-monopoly Law also provides that the relevant authority shall investigate a transaction where there is any evidence that the concentration has or may have the effect of eliminating or restricting competitions, even if such concentration does not reach the filing threshold.

On March 10, 2023, the SAMR issued the Provisions on the Review of Undertaking Concentrations, or the Review Provisions, which became effective on April 15, 2023. Pursuant to the Review Provisions, when determining a business operator's acquisition of the control over other business operators or its decisive influence on other operators by virtue of contract or any other means, the purpose of transactions, the ownership structure of other operators, voting matters and voting mechanisms of other business operators' general meetings, composition and voting mechanism of other business operators' board of directors, etc. shall be taken into consideration. The business operators involved in the concentration of undertakings shall report to the SAMR in advance where such concentration of undertakings concludes the thresholds of declaration, and such concentration of undertakings shall not be implemented without such declaration and relevant approval. Any operator implements concentration of undertakings in violation of the PRC Anti-monopoly Law shall be penalized in accordance with the law.

On April 25, 2024, the SAMR issued the Anti-monopoly Compliance Guideline (2024 Version) for Operators, which requires, under the PRC Anti-monopoly Law, operators to establish Anti-monopoly compliance management systems to prevent Anti-monopoly compliance risks.

On February 7, 2021, the Anti-monopoly Bureau of the State Council officially promulgated the Guidelines to Anti-monopoly in the Field of Internet Platforms, or the Anti-monopoly Guidelines on Platform Economies. Pursuant to an official interpretation from the Anti-monopoly Bureau of the State Council, the Anti-monopoly Guidelines on Platform Economies mainly covers five aspects, including general provisions, monopoly agreements, abusing market dominance, concentration of undertakings, and abusing of administrative powers eliminating or restricting competition. The Anti-monopoly Guidelines on Platform Economies prohibits certain monopolistic acts of Internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in Internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favourable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of users' unnecessary data). In addition, the Anti-monopoly Guidelines on Platform Economies also reinforces antitrust merger review for Internet platform related transactions to safeguard market competition.

On May 6, 2024, the SAMR issued the Interim Provisions Against Unfair Competition in Cyberspace, which aims to regulate the unfair competition behaviours of business operators through Internet and other information networks. According to these provisions, business operators should not use any technical means to impede, interfere or conduct unfair competition behaviours.

Regulations Relating to M&A and Overseas Listings

On August 8, 2006, six PRC governmental agencies jointly promulgated the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006, and were amended on June 22, 2009. The M&A Rules require offshore special purpose vehicles formed to pursue overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals to obtain the approval of the China Securities Regulatory Commission, or the CSRC, prior to the listing and trading of such special purpose vehicle's securities on any stock exchange overseas. The M&A Rules also establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time consuming and complex, including requirements in some instances that the Anti-monopoly law enforcement agency to be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise.

In addition, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the Ministry of Commerce in 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises and that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

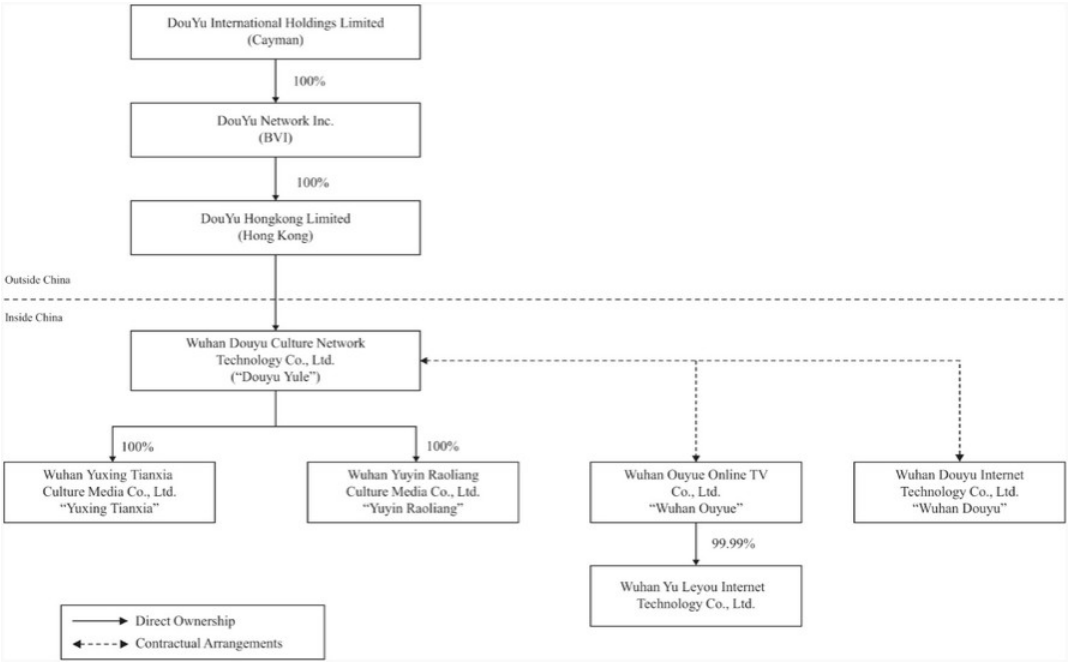
On July 6, 2021, the General Office of the State Council and the General Office of the Central Committee of the Communist Party of China issued Opinions on Strictly Cracking Down Illegal Securities Activities in accordance with the Law. The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by mainland China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by mainland China-based overseas-listed companies.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, and five supporting guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. If a company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. Pursuant to the Overseas Listing Trial Measures, enterprises in mainland China are prohibited from overseas offering and listing under any of the following circumstances, if (i) the overseas offering and listing is explicitly prohibited by PRC laws; (ii) the overseas offering and listing may constitute a threat to or endanger national security as determined by PRC authorities; (iii) the domestic enterprises and their controlling shareholders and actual controllers have committed certain criminal offenses (such as corruption, bribery, embezzlement, misappropriation of property or other criminal offenses undermining the order of the socialist market economy) in the past three years; (iv) the domestic enterprises are currently under investigations in connection with suspicion of having committed criminal offences or material violations of applicable laws and regulations and there is still no explicit conclusion; or (v) there is material ownership disputes over the shareholdings held by the controlling shareholder or the shareholder under the control of the controlling shareholder or the actual controllers.The Overseas Listing Trial Measures also provide that a company in mainland China must file with the CSRC within three business days for its follow-on offering of securities after it is listed in an overseas market. On February 17, 2023, the CSRC also issued the Notice on Administration of the Filing of Overseas Offering and Listing by Domestic Companies and held a press conference for the release of the Overseas Listing Trial Measures, which, among others, clarified that the companies in mainland China that have been listed overseas before March 31, 2023 are not required to file with the CSRC immediately, but these companies should complete filing with the CSRC for their refinancing activities in accordance with the Overseas Listing Trial Measures. Based on the foregoing, as an issuer that has been listed overseas before the effective date of the Overseas Listing Trial Measures, we are not required to complete filing with the CSRC for our prior offshore offerings at this stage, but we may be subject to the filing requirements for our refinancing activities under the Overseas Listing Trial Measures.

On February 24, 2023, the CSRC, jointly with other relevant governmental authorities, published the Provisions on Strengthening Confidentiality and Archives Management of Overseas Securities Issuance and Listing by Domestic Enterprises, or the Confidentiality and Archives Management Provisions, which became effective on March 31, 2023. Pursuant to the Confidentiality and Archives Management Provisions, mainland China-based companies that offer and list securities in overseas markets shall establish confidentiality and archives system. The "mainland China-based companies" includes companies in mainland China limited by shares which are directly listed in the offshore capital market and the domestic operation entities of an offshore company being indirectly listed in a foreign stock exchange. The mainland China-based companies shall obtain approval from the relevant authorities and file with the confidential administration department at the same level when (i) providing or publicly disclosing documents and materials related to state secrets or secrets of the government authorities to the relevant securities companies, securities service agencies or the offshore regulatory authorities, or (ii) providing or publicly disclosing such documents and materials through its offshore listing entity. In addition, the mainland China-based companies shall complete corresponding procedures when (i) providing or publicly disclosing documents and materials which may adversely affect national security and public interest to the relevant securities companies, securities service agencies or the offshore regulatory authorities, (ii) providing or publicly disclosing such documents and materials through its offshore listing entity, or (iii) providing accounting files or copies to relevant security companies, security service institutions, overseas regulators and individuals. The mainland China-based companies are also required to provide written statements on the implementation of the aforementioned rules to the relevant securities companies and securities service agencies. If a mainland China-based company finds that the documents and materials related to state secrets or secrets of the government authorities or other materials which may adversely affect national security and public interest have been leaked or are going to be leaked, it should take remedial measures immediately and report to the relevant authorities.

4.C. Organizational Structure

The following diagram illustrates our corporate structure as of the date of this annual report, including our significant subsidiaries and variable interest entities.



Notes:

(1) The sole shareholder of Wuhan Ouyue is Mr. Shaojie Chen, our founder, CEO and director.
(2) The shareholders of Wuhan Douyu and their relationship with our company are as follows: (i) Mr. Chen (50.23%), our founder, CEO and director; (ii) Linzhi Lichuang (18.98%), an affiliate of Nectarine, one of our shareholders; (iii) Beijing Fengye (13.16%), with 99.99% of its interests owned by Wuhan Ouyue; (iv) Beijing Phoenix (8.08%), an affiliate of Phoenix Fuju Limited, one of our shareholders; (v) Mr. Wenming Zhang (3.92%), our co-founder, and (vi) Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership) (5.63%), with 99.99% of its interests owned by Wuhan Ouyue.

Contractual Arrangements with The VIEs and The VIEs' Respective Shareholders

Currently, our business in China are operated primarily through Wuhan Douyu and Wuhan Ouyue due to PRC legal restrictions on foreign ownership in value-added telecommunication services and other Internet related business. The Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2024 Version) provides that foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider other than an e-commerce service provider. In addition, foreign investors are prohibited from investing in companies engaged in certain online and culture related businesses. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Telecommunications Services," "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Online Transmission of Audio-Visual Programs," and "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Online Game Operation." We are a company incorporated in the Cayman Islands. Douyu Yule, our PRC subsidiary, is considered as a foreign-invested enterprise. To comply with the foregoing PRC laws and regulations, we primarily conduct our business in China through Wuhan Ouyue and Wuhan Douyu, the VIEs and their subsidiaries in the PRC, based on a series of contractual arrangements. As a result of these contractual arrangements, we consolidate their operating results in our consolidated financial statements under U.S. GAAP. These contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs. If the VIEs or their respective shareholders fail to perform their respective obligations under the contractual arrangements, we could be limited in our ability to enforce the contractual arrangements in the PRC and may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure will be effective under PRC law. For details, please refer to "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure."

In the opinion of Han Kun Law Offices, our PRC counsel:

- the ownership structures of the VIEs and Douyu Yule as of the date of this annual report do not and will not contravene any PRC laws or regulations currently in effect; and

- each of the agreements under the contractual arrangements among Douyu Yule, the VIEs and their respective shareholders governed by PRC laws is valid and binding upon each party to such agreements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect.

There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. In particular, in March 2019, the National People's Congress of the PRC adopted the PRC Foreign Investment Law, which became effective on January 1, 2020. Among other things, the PRC Foreign Investment Law defines "foreign investment" as investment activity in China by foreign investors in a direct or indirect manner, including those circumstances explicitly listed thereunder as establishing new projects or foreign invested enterprises or acquiring shares of enterprises in China, and other approaches of investment as stipulated by laws, administrative regulations or otherwise regulated by the State Council. The PRC Foreign Investment Law leaves uncertainty as to whether foreign investors' controlling PRC onshore variable interest entities via contractual arrangements will be recognized as "foreign investment" and thus be subject to the restrictions/prohibitions on foreign investments. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC counsel. If the PRC government finds that the agreements that establish the structure for operating our livestreaming business and other Internet related business do not comply with PRC government restrictions on foreign investment in certain industries, such as value-added telecommunications services business, we could be subject to severe penalties including being prohibited from continuing operations. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure." The following is a summary of the contractual arrangements by and among Douyu Yule, Wuhan Douyu and the shareholders of Wuhan Douyu, and Wuhan Ouyue and Mr. Shaojie Chen, the sole shareholder of Wuhan Ouyue.

Wuhan Douyu

Share Pledge Agreement

Pursuant to a series of share pledge agreements entered into in May 2018 by and among Douyu Yule, Wuhan Douyu and the shareholders of Wuhan Douyu, the shareholders of Wuhan Douyu pledged all of their equity interests in Wuhan Douyu to Douyu Yule, to guarantee Wuhan Douyu's performance of its obligations under the exclusive business cooperation agreement. If Wuhan Douyu breaches its contractual obligations under the exclusive business cooperation agreement, Douyu Yule will be entitled to certain rights, including but not limited to the rights to auction or sell the pledged equity interests. The pledges under the share pledge agreements have been registered with the relevant PRC legal authority pursuant to PRC laws and regulations. In January 2019, the existing share pledge agreement to which Mr. Chen is a party was replaced with an amended and restated share pledge agreement on substantially similar terms due to equity transfers. In April 2020 and July 2020, Douyu Yule, Wuhan Douyu and Mr. Chen entered into two additional share pledge agreements on substantially similar terms due to equity transfers. In October 2021, Douyu Yule, Wuhan Douyu and Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership) entered into a share pledge agreement on substantially similar terms due to transfers of equity interest in Wuhan Douyu.

Exclusive Option Agreement

Pursuant to a series of exclusive option agreements entered into in May 2018 by and among Douyu Yule, Wuhan Douyu and the shareholders of Wuhan Douyu, the shareholders of Wuhan Douyu irrevocably granted Douyu Yule or its designated person an exclusive option to purchase at its discretion all or part of the equity interests in Wuhan Douyu held by the shareholders of Wuhan Douyu at the price of RMB1.0 or at the lowest price permitted by PRC law, whichever is lower. In addition, Wuhan Douyu irrevocably granted Douyu Yule or its designated person an exclusive option to purchase at its discretion, all or part of the assets held or entitled to be used by Wuhan Douyu, to the extent permitted under PRC law and at the lowest price permitted by PRC law. In January 2019, the existing exclusive option agreement to which Mr. Chen is a party was replaced with an amended and restated exclusive option agreement on substantially similar terms due to equity transfers, and the amended and restated exclusive option agreement was further replaced with two exclusive option agreements on substantially similar terms in April 2020 and July 2020 due to equity transfers. In October 2021, Douyu Yule, Wuhan Douyu and Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership) entered into an exclusive option agreement on substantially similar terms due to transfers of equity interest in Wuhan Douyu.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement entered into in May 2018 by and between Douyu Yule and Wuhan Douyu, Wuhan Douyu agreed to engage Douyu Yule as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to adjustment at Douyu Yule's sole discretion, are equal to all of the net profit of Wuhan Douyu. Therefore, Douyu Yule enjoys all the economic benefits derived from the businesses of Wuhan Douyu.

Power of Attorney

Pursuant to a series of powers of attorney issued by each shareholder of Wuhan Douyu in May 2018, the shareholders of Wuhan Douyu irrevocably appointed Douyu Yule or a director authorized by Douyu Yule as their attorney-in-fact to act on their behalf on all matters of Wuhan Douyu and to exercise all of their rights as registered shareholders of Wuhan Douyu. In January 2019, the existing power of attorney issued by Mr. Chen was replaced with a new power of attorney on substantially similar terms due to equity transfers, and such new power of attorney was further replaced with two powers of attorney on substantially similar terms in April 2020 and July 2020 due to equity transfers. In October 2021, Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership) signed a power of attorney on substantially similar terms due to transfers of equity interest in Wuhan Douyu.

Spousal Consent Letters

Pursuant to a series of spousal consent letters executed by the spouses of the individual shareholders of Wuhan Douyu, Mr. Chen, and Mr. Wenming Zhang in May 2018, the signing spouses confirmed and agreed that the equity interests of Wuhan Douyu are the own property of their spouses and shall not constitute the community property of the couples. The spouses also irrevocably waived any potential right or interest that may be granted by operation of applicable law in connection with the equity interests of Wuhan Douyu held by their spouses. In January 2019, the existing spousal consent letter executed by Mr. Chen's spouse was replaced with a new spousal consent letter on substantially similar terms due to equity transfers. In April 2020 and July 2020, the spouse of Mr. Chen issued two additional spousal consent letters on substantially similar terms due to equity transfers.

Wuhan Ouyue

Share Pledge Agreement

Pursuant to the share pledge agreement dated May 29, 2018 by and among Douyu Yule, Wuhan Ouyue and Mr. Chen, the sole shareholder of Wuhan Ouyue, Mr. Chen pledged all of his equity interests in Wuhan Ouyue to Douyu Yule, to guarantee Wuhan Ouyue's performance of its obligations under the exclusive business cooperation agreement. If Wuhan Ouyue breaches its contractual obligations under the exclusive business cooperation agreement, Douyu Yule will be entitled to certain rights, including but not limited to the rights to auction or sell the pledged equity interests. The pledge under the share pledge agreement has been registered with the relevant PRC legal authority pursuant to PRC laws and regulations.

Exclusive Option Agreement

Pursuant to the exclusive option agreement dated May 29, 2018 by and among Douyu Yule, Wuhan Ouyue and Mr. Chen, the sole shareholder of Wuhan Ouyue, Mr. Chen irrevocably granted Douyu Yule or its designated person an exclusive option to purchase at its discretion, all or part of the equity interests in Wuhan Ouyue held by Mr. Chen at the price of RMB1.0 or at the lowest price permitted by PRC law, whichever is lower. In addition, Wuhan Ouyue irrevocably granted Douyu Yule or its designated person an exclusive option to purchase at its discretion all or part of the assets held or entitled to be used by Wuhan Ouyue, to the extent permitted under PRC law. Subject to relevant PRC laws and regulations, Wuhan Ouyue and Mr. Chen shall return any amount of purchase price they have received to Douyu Yule.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business operation agreement dated May 29, 2018 by and between Douyu Yule and Wuhan Ouyue, Wuhan Ouyue agreed to engage Douyu Yule as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to Douyu Yule's adjustment, are equal to all of the net profit of Wuhan Ouyue. Douyu Yule may adjust the service fees at its sole discretion. Douyu Yule enjoys all the economic benefits derived from the businesses of Wuhan Ouyue.

Power of Attorney

Pursuant to the power of attorney dated May 29, 2018 issued by Mr. Chen, the sole shareholder of Wuhan Ouyue, Mr. Chen irrevocably appointed Douyu Yule or a director authorized by Douyu Yule as his attorney-in-fact to act on his behalf on all matters of Wuhan Ouyue and to exercise all of his rights as a registered shareholder of Wuhan Ouyue.

Spousal Consent Letter

Pursuant to the spousal consent letter dated May 29, 2018 executed by the spouse of Mr. Chen, the sole shareholder of Wuhan Ouyue, the signing spouse confirmed and agreed that the equity interests of Wuhan Ouyue are the own property of Mr. Chen and shall not constitute the community property of the couple. The signing spouse also irrevocably waived any potential right or interest that may be granted by operation of applicable law in connection with the equity interests of Wuhan Ouyue held by Mr. Chen.

4.D. Property, Plant and Equipment

Our corporate headquarters are located in Wuhan, China. As of December 31, 2024, we have leased office space with an aggregate area of approximately 14,433.5 square meters, of which approximately 14,273.5 square meters are in Wuhan and approximately 160.0 square meters are in Shanghai. Our physical servers are primarily hosted at Internet data centers owned by major domestic Internet data center providers. We believe that our existing facilities are generally adequate in meeting our current needs, but we expect to adjust space as needed to accommodate our operation focus.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion together with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion may contain forward-looking statements about our business and operations. Our actual results may differ materially from those we currently anticipate as a result of many factors, including those we describe under "Item 3. Key Information—Item 3.D. Risk Factors" and elsewhere in this annual report.

For the impact of foreign currency fluctuations on the company, and the extent to which foreign currency net investments are hedged by currency borrowing and other hedging instruments, please refer to "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign exchange risk."

5.A. Operating Results

General Factors Affecting Our Results of Operations

Our business and operating results are affected by general factors affecting China's game-centric livestreaming industry, which include:

- China's overall economic growth;
- the usage and penetration rate of mobile Internet and mobile payment;
- the growth and competitive landscape of China's livestreaming market, especially game-centric livestreaming market;
- the growth of China's online gaming market; and
- governmental policies and initiatives affecting China's livestreaming industry, including game livestreaming.

Unfavorable changes in any of these general industry conditions could negatively affect demand for our services and materially and adversely affect our results of operations.

Specific Factors Affecting Our Results of Operations

After achieving substantial scale through our initial investments in user acquisition and experience, we have been proactively managing our growth to accommodate our strategy of building a healthy and sustainable game-centric community ecosystem in a more cost-effective manner. As part of our efforts, we have strategically adjusted our streamer contract model to a combination of exclusive contract model and cross-platform content co-creation model. On the one hand, we enter into exclusive contracts with our top streamers whose performances meet our standards to ensure a consistent supply of quality content. On the other hand, we take an initiative to deploy a cross-platform content co-creation model, where certain of our streamers will collaborate with other platforms to co-develop quality content. In addition, despite being one of the first game-centric livestreaming platforms to make the foray into eSports, we have strategically expanded our content coverage beyond eSports and now mainly covers eSports, music, outdoor activities, and talent shows to adapt to users' evolving needs. We have strategically reduced the purchase of certain eSports tournament copyrights and will continue to selectively stream eSports touraments with a strong focus on mobile gaming and entertainment. However, these strategic adjustments have resulted in, and may continue to result in, a reduction in the size of our active users and our revenue. Even though we expect these strategic changes may continue to have negative impacts to our revenue in the near-term future, we believe by fostering a healthy ecosystem with high operating efficiencies, we are able to manage our growth in a more cost-effevtive manner.

Our ability to maintain our user base and enhance our user engagement

Our ability to effectively maintain our user base will affect the growth of our business and our revenue. We have a large and highly engaged user base, which is core to our revenue growth. As of December 31, 2023 and 2024, we had 493.9 million and 503.3 million registered users, respectively. Our average mobile MAUs decreased from 51.7 million in the fourth quarter of 2023 to 44.5 million in the fourth quarter of 2024, primarily due to competition from short video platforms which have been investing and offering more game-related content and services. In addition, as a result of our strategic adjustments that were recently implemented, we have resulted in, and may continue to result in, a reduction in the size of our active users and our revenue.

Furthermore, we historically focused on the number of active users, which encompasses the number of users who visited our platform through either PC or mobile app at least once in a given period. As a result of the evolving user behaviors observed on game-centric livestreaming platforms with a greater emphasis on mobile devices over PCs, our management is focusing more on mobile apps and mobile users from an operational perspective, and uses the number of active mobile users to track the scale and engagement of our users. Due to the purchase of broadcasting rights of key eSport official tournaments (such as League of Legends) that attracted some of the PC users back to our platform, the PC MAUs increased from 36.7 million for the fourth quarter of 2022 to 42.8 million for the fourth quarter of 2023. Such figure then decreased to 25.7 million for the fourth quarter of 2024, which was mainly attributable to our reduced operating activities in maintaining PC users. The average next month active user retention rate for PC users decreased from 29% in 2022 to 26.3% in 2023 and then slightly decreased to 25.2% in 2024, which was mainly due to our reduced operating activities in maintaining loyal PC users.

Our user base and level of user engagement help us retain popular streamers who produce quality content. The curated content and interactive features of our platform help retain users and encourage user participation, which is related to our livestreaming revenue. Our game livestreaming combined with a broad range of other entertainment contents have been effective in maintaining user traffic and user spending. In addition, the game-centric user base of our platform enable us to establish cooperations with game developers and other participants of the game industry. Our ability to maintain our user base, as well as maintain and enhance user engagement, depends on, among other things, our ability to retain quality streamers, continually produce quality content, maintain our pivotal position in the evolving game industry in China, and continually improve our users' entertainment experience through technological innovation.

Our ability to retain popular streamers and to enhance the quality of our content

Popular streamers are critical to maintaining our user base and enhancing user engagement. The high quality content generated by our streamers increases the vibrancies of our user community and in turn may drive the growth of our revenue across livestreaming, advertisement and game distribution. We adopt a flexible streamer contract mechanism that integrates an exclusive contract model with a cross-platform content creation model. For the streamers who possess large fan bases, generate significant user traffic, and/or exhibit exceptional revenue-generating capabilities in their streaming genres or sections, we typically enter into exclusive contracts with them. As of December 31, 2024, we had entered into exclusive contracts with over 24,600 streamers, which in aggregate contributed to 75.3% of total viewing hours on our platform in 2024 and 66.6% of the live-streaming revenue during that year. We also take an initiative to deploy a cross-platform content co-creation model, where certain of our streamers will collaborate with other platforms to co-develop quality content. We will continue to nurture and promote our streamers through our comprehensive streamer development system. Our ability to retain popular streamers depends on, among other things, our brand awareness, size and engagement of our user base, the support from our platform, and monetization opportunities.

Our ability to capitalize on the game industry

We believe our platform is strategically positioned to benefit from the development of the game industry in China. Our average mobile game MAUs were approximately 19.3 million and 13.5 million in the fourth quarter of 2023 and 2024, respectively. Leveraging our early-mover advantage in eSports in China, we have built a platform that is appealing to game streamers, game developers and publishers of various game types, as a result of our broad user reach, high user engagement, strong brand awareness, and attractive monetization opportunities.

We expect to continue to source and promote more premium game-centric content on our platform. Our ability to secure premium game-centric content allows us to retain users, and also allows us to enhance our user engagement, increase our users' willingness to pay, extend the lifespan of the related games, and strengthen our brand awareness among all participants in the game industry, which drives the growth of our business in the long term.

Our ability to strengthen monetization capabilities

We generate revenue from a diverse range of monetization channels including (i) livestreaming and (ii) innovative business, advertisement and others. Our livestreaming revenue is primarily driven by the number of paying users and ARPPU. Our annual paying user base was 10.1 million in 2023 and 6.1 million in 2024. Our quarterly average paying users were 3.7 million and 3.3 million in the fourth quarter of 2023 and 2024, respectively. Our quarterly ARPPU were RMB278 and RMB246 in the fourth quarter of 2023 and 2024, respectively. We intend to retain popular streamers, provide more quality content, diversify user paying scenarios on our platform, and enhance interaction between streamers and viewers to increase user willingness to pay. We have experienced in the past and may continue to experience a decrease in our paying users due to our cost-effective operating strategies focusing on maintaining core paying users according to market dynamics or a diluted paying user base as compared to total MAUs.We provide effective and targeted advertising solutions. We will continue to innovate our advertising methods, as well as to improve advertisement efficiency. We will monitor market developments and consider deepening our partnerships with game developers and publishers on game distribution.

Under our revenue diversification strategy, we further explore other monetization channels through our innovative business, including voiced-based social networking services and game-related services. The revenue of our voice-based social networking service in 2024 is 813.1 million and the average MAUs is 475.9 thousand in the fourth quarter of 2024. We will continue to invest in various marketing intiatives to attract more users to our innovative business, and develop and offer more revenue-generating products to enhance monetaztion capabilities.

We believe our large and engaged user base and our leading position in China's game-centric livestreaming ecosystem will allow us to continue to enhance our monetization efficiency and diversification.

Our ability to further improve cost efficiency

We have made significant investments in our technology, brand, streamers and team. Our costs consist primarily of revenue sharing fees, content cost, bandwidth costs and other costs. Our expenses primarily consist of sales and marketing expenses, general and administrative expenses and research and development expenses.

Our ability to achieve greater cost efficiency also depends on our ability to efficiently manage and control our costs and expenses. We plan to optimize our costs structure through promoting healthy-margin livestreaming business, managing content costs and bandwidth costs, and streamlining headcounts while supporting the stable development of our business. We expect that our strategies of monetization diversification and optimization of our costs and expenses will enable us to improve operational efficiency in the short to medium run.

Key Components of Results of Operations

	For the Year Ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US$
	(in millions)			
Net revenues	**7,108.2**	**5,530.4**	**4,270.8**	**585.1**
Cost of revenues	(6,118.1)	(4,846.4)	(3,947.0)	(540.7)
Gross profit	**990.1**	**684.0**	**323.8**	**44.4**
Operating (expenses) income:				
Sales and marketing expenses[(1)]	(639.9)	(351.7)	(311.1)	(42.6)
General and administrative expenses[(1)]	(288.2)	(237.8)	(204.4)	(28.0)
Research and development expenses[(1)]	(383.1)	(276.9)	(181.7)	(25.0)
Other operating income (expenses), net	122.2	32.3	(200.2)	(27.4)
Impairment of goodwill	—	(13.9)	—	—
Total operating expenses	**(1,189.0)**	**(848.0)**	**(897.4)**	**(123.0)**
Loss from operations	**(198.9)**	**(164.0)**	**(573.6)**	**(78.6)**
Other (expenses) income, net	(80.3)	(52.9)	21.9	3.0
Interest income	129.9	285.0	263.1	36.0
Foreign exchange gain, net	—	0.1	1.2	0.2
(Loss) income before income taxes and share of income (loss) in equity method investments	**(149.3)**	**68.2**	**(287.4)**	**(39.4)**
Income tax expense	(3.5)	(1.1)	(15.4)	(2.1)
Share of income (loss) in equity method investments	62.4	(31.6)	(4.0)	(0.5)
Net (loss) income	**(90.4)**	**35.5**	**(306.8)**	**(42.0)**
Net Loss attributable to noncontrolling interest	(15.0)	—	—	—
Net (loss) income attributable to ordinary shareholders of the Company	**(75.4)**	**35.5**	**(306.8)**	**(42.0)**
Net (loss) income	**(90.4)**	**35.5**	**(306.8)**	**(42.0)**
Other comprehensive income (loss), net of tax of nil:				
Foreign currency translation adjustments	434.6	93.3	72.1	9.9
Comprehensive income (loss)	**344.2**	**128.8**	**(234.7)**	**(32.1)**

Notes:

(1) Includes share-based compensation of RMB66.7 million, nil and nil in 2022, 2023 and 2024, respectively.

Revenue

We generate revenue mainly from (i) livestreaming and (ii) innovative business, advertisement and other revenues.

The following table sets forth sources of our revenue in absolute amounts and as percentages of total net revenue for the periods indicated:

	For the Year Ended December 31,						
	2022		2023		2024		
Net revenues	RMB	%	RMB	%	RMB	US$	%
	(in millions, except for percentages)						
Livestreaming	6,797.3	95.6	4,799.0	86.8	3,073.9	421.1	72.0
Innovative business	—	—	—	—	1,015.9	139.2	23.8
Advertisement and others	310.9	4.4	731.4	13.2	181.0	24.8	4.2
Total	**7,108.2**	**100.0**	**5,530.4**	**100.0**	**4,270.8**	**585.1**	**100.0**

Livestreaming

We primarily generate livestreaming revenues through the sales of virtual gifts. See "Item 4. Information of the Company—4.B. Business Overview—Monetization opportunities—Livestreaming."

To navigate market dymanics, we have been proactively managing our livestreaming business to accommodate our strategy of building a healthy and sustainable game-centric community ecosystem in a more cost-effective manner. As part of these efforts, we have been implementing "cost-effective operating strategies", where (a) we have adjusted certain interactive features and operational activities in our livestreaming business with the goal of discouraging excessive user consumption and irrational user consumption patterns on the platform since the beginning of 2022, and (b) we have been focusing on live-streaming activities with high operating efficiencies. Additionally, we have been shifting our attention towards (a) optimizing our streamer structure, and (b) cultivating paying users who exhibit stronger user stickiness and a willingness to pay. In 2024, we continued to execute our cost-effective operating strategy under the prolonged soft macroeconomic environment and competition from short-video platforms focused on maintaining the size of our core paying users by offering more affordable virtual gifts to encourage their consistent spending behavior. As a result, the decreased average revenue per paying user led to a year-over-year decrease in our livestreaming revenue.

Innovative business

We generate revenue from our innovative business through (i) our voice-based social networking services, mainly from the sales of virtual gifts and to a lesser extent, subscription-based membership services and virtual customization options, and (ii) our game-related services, which mainly involves sales of game-specific memberships to users. The revenue generated from our voice-based social networking services was historically classified under other revenues. In the second quarter of 2024, we re-classfied such revenue to the revenue generated from the innovative business in light of its magnitude.

Advertisement and Others

We generate advertisement revenue primarily through offering various forms of advertising services and promotion campaigns to advertisers, including (i) integrated promotion activities during livestreaming, (ii) advertisement display, and (iii) online and offline events-related advertisements. To a lesser extent, we also generate revenue from revenue sharing arrangements with game developers and publishers through game distribution,. See "Item 4. Information of the Company—4.B. Business Overview—Monetization Opportunities—Advertisement and Others."

Cost of Revenues

Our cost of revenues consists of (i) revenue sharing fees and content cost, (ii) bandwidth cost, and (iii) other. The table below sets forth a breakdown of the components of cost of revenues in absolute amounts and as percentages of total cost of revenues for the periods indicated:

	For the Year Ended December 31,						
	2022		2023		2024		
Cost of Revenues	RMB	%	RMB	%	RMB	US$	%
	(in millions, except for percentages)						
Revenue sharing fees and content cost[(1)]	5,245.9	85.7	3,878.4	80.0	3,363.1	460.7	85.2
Bandwidth cost	569.1	9.3	449.9	9.3	304.6	41.7	7.7
Other	303.1	5.0	518.1	10.7	279.3	38.3	7.1
Total	**6,118.1**	**100.0**	**4,846.4**	**100.0**	**3,947.0**	**540.7**	**100.0**

Note:

(1) Include content right costs which are expensed over the streaming periods. The cost related to our voice-based social networking services was historically classified under other cost. In the second quarter of 2024, we re-classfied such cost aligned with the reclassification of revenue, the related costs were also reclassified.

Revenue sharing fees and content cost. Our revenue sharing fees represent our payment to streamers and talent agencies based on a percentage of revenue from sales of virtual items of our livestreaming services and voice-based social networking services, including virtual gifts and other subscription-based privileges. When a viewer sends a virtual gift to a streamer, we pay a certain percentage of the sales of virtual gifts to the streamers or the talent agency of which the streamer is a member. Our content cost mainly covers (i) sign-up bonus to top exclusive streamers, a monthly payment that is determined based on the streamers' performance matrix, (ii) costs we incurred in purchasing content rights, and (iii) our investments in generating self-produced content.

Bandwidth cost. Bandwidth cost is fees that we pay to telecommunication service providers for bandwidth and content delivery-related services.

Others. Other costs include costs related to other innovative business such as game-related services and fees that we pay to third-party payment processing platforms through which our users purchase our virtual currencies, depreciation of servers, cost, related to data center services, costs related to eSports teams which we invested in and other IT infrastructure expenditures.

Operating Expenses

Our operating expenses consist of (i) sales and marketing expenses; (ii) research and development expenses; (iii) general and administrative expenses; (iv) other operating income (expenses), net; and (v) impairment of goodwill.

The following table sets forth the components of our operating expenses in absolute amounts and as percentages of total operating expenses for the periods indicated:

	For the Year Ended December 31,						
	2022		2023		2024		
Operating Expenses	RMB	%	RMB	%	RMB	US$	%
	(in millions, except for percentages)						
Sales and marketing expenses	639.9	53.8	351.7	41.5	311.1	42.6	34.7
General and administrative expenses	288.2	24.2	237.8	28.0	204.4	28.0	22.8
Research and development expenses	383.1	32.2	276.9	32.7	181.7	25.0	20.2
Other operating income (expenses), net	(122.2)	(10.2)	(32.3)	(3.8)	200.2	27.4	22.3
Impairment of goodwill	—	—	13.9	1.6	—	—	—
Total	**1,189.0**	**100.0**	**848.0**	**100.0**	**897.4**	**123.0**	**100.0**

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of (i) advertising and market promotion expenses, (ii) salaries and welfare for sales and marketing personnel and (iii) share-based compensation. We expect our sales and marketing expenses to decrease in absolute amount as we continue to streamline our marketing personnel and prudently invest in our marketing and promotional activities for new users' acquisition of our innovative business.

Research and Development Expenses

Research and development expenses primarily consist of (i) salaries and benefits expenses incurred for research and development personnel, (ii) rental, general expenses and depreciation expenses associated with the research and development activities and (iii) share-based compensation. We expect our research and development expenses to decrease in absolute amount as we continue to streamline our research and development personnel with the integration of AI programming capabilities

General and Administrative Expenses

General and administrative expenses consist primarily of (i) professional service fees, and (ii) share-based compensation, and (iii) salaries and welfare for general and administrative personnel and (iv) allowance for credit loss. We expect our general and administrative expenses to remain stable as percentage of our revenue as we continue to explore our innovative business while improving our operating efficiency.

Other Operating Income (expenses), net

Our other operating income (expenses), net primarily consists of (i) government subsidies, which refers to funds we received from local government, (ii) Contingent litigation income (expenses), and (iii) impairment of streamer's assets.

Other (expenses) income, net

Our other (expenses) income, net primarily consists of the impairment loss from equity method investments, and the disposal loss of cost method investments.

Foreign currency translation adjustments

Foreign currency translation adjustments are reported as cumulative translation adjustments and are shown as a component of other comprehensive income. A cumulative translation adjustment results from the translation of the financial statements of the consolidating entities within the group with functional currency other than the group's reporting currency in Renminbi. The cumulative translation adjustment for the year ended December 31, 2024 was mainly attributable to the amount of cash and cash equivalents held at the Cayman Islands holding company level and the appreciation in Renminbi against U.S. dollar for the year ended December 31, 2024. We expect that the foreign currency translation adjustments will continue to fluctuate in accordance with the fluctuation between Renminbi and U.S. dollars in future periods.

Results of Operations

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue. Our revenue decreased from RMB5,530.4 million in 2023 to RMB4,270.8 million in 2024, mainly attributable to the decreased in our livestreaming revenue as well as advertisement and others revenues, partially offset by an increase in our innovative business.

Livestreaming revenue. Our livestreaming revenue decreased by 35.9% from RMB4,799.0 million in 2023 to RMB3,073.9 million (US$421.1 million) in 2024, which was mainly due to the decrease of our paying users from 10.1 million in 2023 to 6.1 million in 2024 and the decreased ARPPU, as a result of our continued implementation of cost-effectvie operating strategies focusing on maintaining core paying users and offering more friendly-priced revenue products under a weak consumption sentiment.

Innovative business, advertising and other revenues (formerly known as advertising and other revenues). Our Innovative business, advertising and other revenues increased from RMB731.4 million in 2023 to RMB1,196.9 million (US$164.0 million) in 2024, primarily due to the increase in revenues contributed by our innovative business, mainly consisting of voice-based social networking services.

Cost of revenues. Our cost of revenues decreased from RMB4,846.4 million in 2023 to RMB3,947.0 million (US$540.7 million) in 2024, which was mainly attributable to the decrease in our revenue sharing fees and content cost.

Revenue sharing fees and content cost. Our revenue sharing fees and content cost decreased by 13.3% from RMB3,878.4 million in 2023 to RMB3,363.1 million (US$460.7 million) in 2024. The decrease was mainly due to the decrease in revenue sharing fees which was largely in line with the decrease in livestreaming revenues, as well as the decrease in content cost. However, it is offset by the sharing fees associated with voice-based social networking services which experienced significant increase in 2024 and reclassified from other costs to this line from the second quarter of 2024, and there's also a relatively fixed component of sharing fees that would not decreased at the same pace of revenue.

Bandwidth cost. Our bandwidth cost decreased from RMB449.9 million in 2023 to RMB304.6 million (US$ 41.7 million) in 2024, primarily due to a year-over-year reduction in peak bandwidth usage and our effective bandwidth-related cost control measures.

Gross profit and gross profit margin. As a result of the foregoing, we had gross profit of RMB323.8 million (US$44.4 million) in 2024, as compared to the gross profit of RMB684.0 million (US$96.3 million) in 2023. Our gross margin decreased from 12.4% to 7.6% during the same periods.

Total operating expenses. Our total operating expenses increased by 5.8% from RMB848.1 million in 2023 to RMB897.4 million (US$123.0 million) in 2024.

Sales and marketing expenses. Our sales and marketing expenses decreased by 11.5% from RMB351.7 million in 2023 to RMB311.1 million (US$42.6 million) in 2024. Such decrease was primarily attributable to the decrease in reduced payroll-related expenses, partially offset by the increase in marketing expenses for user acqusitions of our innovative business.

Research and development expenses. Our research and development expenses decreased by 34.4% from RMB276.9 million in 2023 to RMB181.7 million (US$25.0 million) in 2024. Such decrease was primarily due to the decreased payroll-related expenses for our R&D personnel.

General and administrative expenses. Our general and administrative expenses decreased by 14.0% from RMB237.8 million in 2023 and RMB204.4 million (US$28.0 million) in 2024, mainly due to the decrease in payroll-related expenses.

Other operating income (expenses), net. Our other operating income (expenses), net, shifted from a income of RMB32.3 million in 2023 to a loss of RMB200.2 million (US$27.4 million) in 2024. Such decrease was mainly attributable to the increased litigation fees and the increased impairment of streamers' assets. The decrease from income to loss in other operating income (expenses), net mainly attributable to the increased impairment of streamers' assets and, a voluntary return of RMB111,720,000 in connection with investigations by relevant government authorities against certain third-party streamers for their historical illegal activities, and the increased impairment of streamers' assets. We voluntarily returned gains associated with certain third-party streamers' historical illegal activities to the relevant government authorities, as we are not entitled to retain such gains under PRC laws. There remain uncertainties regarding potential future developments or regulatory investigations related to these historical activities. As of December 31, 2024, no additional liabilities have been accrued in this regard.

Interest income. Interest income consists of interests earned on bank deposits. We recorded RMB285.0 million in 2023 and RMB 263.1 million (US$ 36.0 million) in 2024, respectively. The decrease in interest income was mainly due to the decrease in our cash balance as a result of special cash dividend distribution.

(Loss) income before income tax expenses and share of income (loss) in equity method investments. As a result of the foregoing, we realized a loss before income tax expenses of RMB287.4 million (US$39.4 million) in 2024, compared with a income before income tax expenses of RMB68.2 million in 2023.

Income tax expense. We recorded income tax expenses of RMB1.1 million and RMB15.4 million (US$2.1 million) in 2023 and 2024, respectively. Such increase was primarily due to the increase in net income generated from some of our domestic companies in PRC.

Net (loss) income. We realized a net loss of RMB306.8 million (US$42.0 million) in 2024, compared with a net income of RMB35.5 million (US$5.0 million) in 2023.

Adjusted net income (loss) (non-GAAP). We realized an adjusted net loss of RMB249.2 million (US$34.2 million) in 2024, compared with an adjusted net income of RMB154.0 million (US$21.8 million) in 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

For the detailed description of the comparison of our operating results for the year ended December 31, 2023 to the year ended December 31, 2022, please refer to "Item 5. Operating and Financial Review and Prospects—5.A. Operating Results—Year Ended December 31, 2023 Compared to Year Ended December 31, 2022" of our annual report on Form 20-F filed with the Securities and Exchange Commission on April 29, 2024.

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands.

Japan

Our subsidiaries in Japan are subject to an income tax rate calculated according to relevant regulations of Japan's Ministry of Finance. We may be required to withhold a 5% withholding tax from dividends we pay to our shareholders that are non-resident enterprises.

Hong Kong

Our subsidiaries in Hong Kong are subject to Hong Kong profits tax on their activities conducted in Hong Kong at a uniform tax rate of 16.5%. Payments of dividends by our subsidiaries to us are not subject to withholding tax in Hong Kong.

PRC

Generally, our subsidiary and consolidated variable interest entities in China are subject to enterprise income tax on their taxable income in China at a rate of 25%, except where a special preferential rate applies such as a rate of 15% applicable to enterprises qualified as a "High and New Technology Enterprise," subject to various criteria. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

In addition, a Software Enterprise is entitled to an income tax exemption for two years beginning with its first year of profitable operation after offsetting tax losses incurred from prior years and a 50% reduction to a rate of 12.5% for the subsequent three years. Enterprises wishing to enjoy the status of a Software Enterprise must perform a self-assessment each year to ensure they meet the criteria for qualification and file required supporting documents with the tax authorities before using the preferential enterprise income tax rates. These enterprises will be subject to the tax authorities' review each year as to whether they are entitled to use the relevant preferential treatments. If at any time during the preferential tax treatment years an enterprise uses the preferential rate but the relevant authorities determine that it fails to meet applicable criteria for qualification, the relevant authorities may revoke the enterprise's Software Enterprise status. Douyu Yule, Wuhan Ouyue and Wuhan Douyu obtained the Software Enterprise status in 2019, but they have not enjoyed the preferential tax treatment with such status in 2024.

In April 2009, the State Administration of Taxation issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC resident enterprises or PRC resident enterprise groups, not those controlled by PRC resident individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC resident enterprise or a PRC resident enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. Further to the SAT Circular 82, the SAT issued the SAT Bulletin 45, which became effective since September 2011, to provide more guidance on the implementation of the SAT Circular 82. The SAT Bulletin 45 provides for detailed procedures and administration with respect to determination of residence status and administration of post-determination matters. DouYu International Holdings Limited is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that DouYu International Holdings Limited is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-PRC resident enterprise shareholders (including the ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC resident individual shareholders (including the ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC resident individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. It is also unclear whether non-PRC resident shareholders of DouYu International Holdings Limited would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that DouYu International Holdings Limited is treated as a PRC resident enterprise.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—Under the PRC enterprise income tax law, we may be classified as a PRC 'resident enterprise,' which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment."

We are subject to value-added tax, or VAT, at a rate of 6% on the services we provide less any deductible VAT we have already paid or borne. We are also subject to surcharges on VAT payments in accordance with PRC law.

British Virgin Islands

Under the current laws of the British Virgin Islands, our company is not subject to tax on income or capital gains. In addition, upon payments of dividends by our British Virgin Islands subsidiary to its shareholders who are not resident in the British Virgin Islands, no British Virgin Islands withholding tax will be imposed.

Non-GAAP Financial Measure

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use the following non-GAAP financial measures to understand and evaluate our core operating performance: adjusted operating income (loss), which is calculated as operating income (loss) adjusted for share-based compensation expenses and impairment of goodwill and intangible assets; adjusted net income (loss), which is calculated as net loss adjusted for shared-based compensation expenses, share of loss (income) in equity method investments, gain on disposal of investment, impairment loss and fair value adjustments on investments and impairment of goodwill and intangible assets; adjusted net income (loss) attributable to DouYu, which is calculated as net income (loss) attributable to DouYu adjusted for share-based compensation expenses, share of loss (income) in equity method investments, gain on disposal of investment, impairment loss and fair value adjustments on investments and impairment of goodwill and intangible assets; and adjusted basic and diluted net income per ordinary shares, which is the non-GAAP net income (loss) attributable to ordinary shareholders divided by the weighted average number of ordinary shares used in the calculation of non-GAAP basic and diluted net income per ordinary share. The non-GAAP financial measures are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. Investors are encouraged to review the reconciliation of the historical non-GAAP financial measures to the most directly comparable GAAP financial measures. As non-GAAP financial measures have material limitations as an analytical metric and may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies. In light of the foregoing limitations, you should not consider non-GAAP financial measures as a substitute for, or superior to, such metrics prepared in accordance with GAAP. We encourage investors and others to review our financial information in its entirety and not rely on any single financial measure.

The table below sets forth a reconciliation from the GAAP measures to the non-GAAP measures for the years indicated:

	For the Year Ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US$
	(in millions)			
Loss from operations	**(198.9)**	**(164.0)**	**(573.6)**	**(78.6)**
Add:				
Share-based compensation expenses	66.7	—	—	—
Impairment of goodwill and intangible assets[1]	—	34.0	75.5	10.3
Adjusted operating (loss) income	**(132.2)**	**(130.0)**	**(498.1)**	**(68.3)**
Net (loss) income	**(90.4)**	**35.5**	**(306.8)**	**(42.0)**
Add:				
Share-based compensation expenses	66.7	—	—	—
Share of loss (income) in equity method investments	(62.4)	31.6	4.0	0.5
Gain on disposal of investment[2]	—	(5.1)	—	—
Impairment losses and fair value adjuestments on investments[2]	78.5	58.0	(21.9)	(3.0)
Impairment of goodwill and intangible assets	—	34.0	75.5	10.3
Adjusted net (loss) income	**(7.6)**	**154.0**	**(249.2)**	**(34.2)**
Net (loss) income attributable to DouYu	**(75.4)**	**35.5**	**(306.8)**	**(42.0)**
Add:				
Share-based compensation expenses	66.7	—	—	—
Share of (income) loss in equity method investments	(62.4)	31.6	4.0	0.5
Gain on disposal of investment	—	(5.1)	—	—
Impairment losses and fair value adjustments on investments	78.5	58.0	(21.9)	(3.0)
Impairment losses of goodwill and intangible assets	—	34.0	75.5	10.3
Ajusted net (loss) income attributable to DouYu	**7.4**	**154.0**	**(249.2)**	**(34.2)**
Ajusted net (loss) income per ordinary share				
Basic	0.23	4.82	(8.08)	(1.11)
Diluted	0.23	4.82	(8.08)	(1.11)
Ajusted net (loss) income per ADS				
Basic	0.23	4.82	(8.08)	(1.11)
Diluted	0.23	4.82	(8.08)	(1.11)
Weighted average number of ordinary shares used in calculating adjusted net (loss) income per ordinary share				
Basic	31,971,245	31,977,665	30,832,271	30,832,271
Diluted	31,971,245	31,977,665	30,832,271	30,832,271
Weighted average number of ADS used in calculating adjusted net (loss) income per ADS				
Basic	31,971,245	31,977,665	30,832,271	30,832,271
Diluted	31,971,245	31,977,665	30,832,271	30,832,271

(1) Impairment of goodwill and intangible assets was included in line item"impairment of goodwill" for goodwill and “other operating income (expenses), net” for streamer’s assets consolidated statements of comprehensive income (loss) in 2023 and 2024, respectively.

(2) Gain on disposal of investment and impairment losses and fair value adjustments on investments were included in line item"Other (expenses) income, net" of consolidated statements of comprehensive income (loss).

5.B. Liquidity and Capital Resources

Liquidity and Capital Resources

Cash flows and working capital

Our principal sources of liquidity have been cash generated from our operations and contributions from our shareholders. As of December 31, 2024, we had RMB1,017.1 million (US$139.3 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and time deposits placed with banks with maturities of three months or less and money market funds stated at cost plus accrued interest.

We intend to finance our future working capital requirements and capital expenditures from cash generated from operating activities and funds raised from financing activities, including the net proceeds we received from our initial public offering in July 2019. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. We believe that our current cash and cash equivalents, together with our cash generated from operating activities and financing activities will be sufficient to meet our present anticipated working capital requirements and capital expenditures. If our existing cash is insufficient to meet our requirements, we may seek to issue debt or equity securities or obtain additional credit facilities. Financing may be unavailable in the amounts we need or on terms acceptable to us, if at all. Issuance of additional equity securities, including convertible debt securities, would dilute our earnings per share. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business and prospects may suffer.

As a holding company with no material operations of our own, we conduct our operations primarily through our PRC subsidiaries, variable interest entities and their subsidiaries. We are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries in China through capital contributions or loans, subject to the approval of government authorities and limits on the amount of capital contributions and loans. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of our initial public offering to make additional capital contributions or loans to our PRC subsidiary” and “Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds—14.E. Use of Proceeds.” The ability of our subsidiaries in China to make dividends or other cash payments to us is subject to various restrictions under PRC laws and regulations. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—Our PRC subsidiary and PRC variable interest entities are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements” and “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—Under the PRC enterprise income tax law, we may be classified as a PRC ‘resident enterprise,’ which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment.”

The following table presents the summary of our consolidated cash flow data for the years ended December 31, 2022, 2023 and 2024.

	For the Year Ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US$
	(in millions)			
Net cash used in operating activities	(67.8)	(47.7)	(238.9)	(32.7)
Net cash (used in) provided by investing activities	(608.6)	414.2	(1,074.5)	(147.2)
Net cash used in financing activities	(109.0)	—	(2,207.0)	(302.4)
Effect of foreign exchange rate changes on cash and cash equivalents	366.0	94.8	48.8	6.7
Net (decrease) increase in cash and cash equivalents	**(419.4)**	**461.3**	**(3,471.6)**	**(475.6)**
Cash, cash equivalents and restricted cash at the beginning of the year	**4,467.1**	**4,047.7**	**4,509.0**	**617.7**
Cash, cash equivalents and restricted cash at the end of the year	**4,047.7**	**4,509.0**	**1,037.4**	**142.1**

Operating activities

Net cash used in operating activities was RMB238.9 million (US$32.7 million) in 2024. The difference between our net cash used in operating activities and our net income of RMB306.8 million (US$42.0 million) was due to decrease in account payables of RMB44.7 million (US$6.1 million), decrease in amounts due to related parties of RMB28.8 million (US$3.9 million), decrease in accrued expenses and other current liabilities of RMB5.0 million (US$0.7 million) and increase in other non-current assets of RMB15.5 million (US$2.1 million), partially offset by recognition of impairment losses of investments of RMB19.7 million (US$2.7 million) and amortization of intangible assets of RMB56.3 million (US$7.7 million).

Net cash used in operating activities was RMB47.7 million (US$6.7 million) in 2023. The difference between our net cash used in operating activities and our net income of RMB35.5 million (US$5.0 million) was due to decrease in account payables of RMB132.4 million (US$18.7 million), decrease in amounts due to related parties of RMB61.2 million (US$8.6 million), decrease in accrued expenses and other current liabilities of RMB56.2 million (US$7.9 million) and increase in other non-current assets of RMB52.1 million (US$7.3 million), partially offset by recognition of impairment losses of investments of RMB58.0 million (US$8.2 million) and amortization of intangible assets of RMB90.8 million (US$12.8 million).

Net cash used in operating activities was RMB67.8 million in 2022. The difference between our net cash from operating activities and our net loss of RMB90.4 million was due to decrease in accounts receivables of RMB87.2 million, increase in impairment losses of investments of RMB78.5 million, amortization of intangible assets of RMB75.7 million, recognition of share-based compensation of RMB66.7 million, decrease in other current assets of RMB39.4 million, increase in deferred revenue of RMB41.5 million and increase in non-cash operating lease expenses of RMB40.6 million, partially offset by decrease in accounts payable of RMB157.1 million, accrued expenses and other current liabilities of RMB155.5 million, and share of income in equity method investments of RMB62.4 million.

Investing activities

Net cash used in investing activities was RMB1,074.5 million (US$147.2 million) in 2024 primarily due to purchases of short-term bank deposits of RMB2,990.4 million (US$409.7 million), partially offset by proceeds from disposal of short-term bank deposits of RMB1,757.7 million (US$240.8 million).

Net cash provided by investing activities was RMB414.2 million (US$58.3 million) in 2023 primarily due to proceeds from disposal of short-term bank deposits of RMB2,868.6 million (US$404.0 million), partially offset by purchases of short-term bank deposits of RMB1,778.6 million (US$250.5 million).

Net cash used in investing activities was RMB608.6 million in 2022 primarily due to purchases of short-term bank deposits of RMB2,415.3 million and purchases of long-term bank deposits of RMB220.0 million, partially offset by proceeds from disposal of short-term bank deposits of RMB2,104.3 million.

Financing activities

Net cash used in financing activities was RMB2,207.0 million (US$302.4million) in 2024, consisting of repurchase of ordinary shares of RMB105.5 million (US$14.5 million) and payments for dividends of RMB2,101.5 million (US$287.9 million).

Net cash used in financing activities was RMB965.0 (US$135.9) in 2023, consisting of NCI derecognized due to cancellation of one subsidiary of RMB965.0 (US$135.9).

Net cash used in financing activities was RMB109.0 million in 2022, consisting of repurchase of ordinary shares of RMB109.0 million.

Material Cash Requirements

Our material cash requirements as of December 31, 2024 and any subsequent interim period primarily include our capital expenditures and operating lease obligations.

We made capital expenditures of RMB24.2 million, RMB16.3 million and RMB13.1 million (US$1.8 million) in 2022, 2023 and 2024, respectively. In these years, our capital expenditures were mainly used for purchases of intangible assets such as agency contract rights and computer software, and plant and equipment such as servers and computers. We will continue to make capital expenditures to meet the expected growth of our business.

As of December 31, 2024, we also had operating lease liabilities amounting to RMB15.7 million (US$2.1 million), which were unsecured and unguaranteed.

We intend to fund our existing and future material cash requirements with our existing cash balance and other financing alternatives. We will continue to make cash commitments, including capital expenditures to support the short-term and/or long-term growth of our business.

Except as otherwise disclosed in this annual report, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We do not have retained or contingent interests in assets transferred. We have not entered into contractual arrangements that support the credit, liquidity or market risk for transferred assets. We do not have obligations that arise or could arise from variable interests held in an unconsolidated entity, or obligations related to derivative instruments that are both indexed to and classified in our own equity, or not reflected in the statement of financial position.

Other than as discussed above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2024.

Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity.

Holding Company Structure

DouYu International Holdings Limited is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries, variable interest entities and their subsidiaries in China. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries, variable interest entities and their subsidiaries. If our subsidiaries and variable interest entities or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, our subsidiaries, variable interest entities and their subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or PRC GAAP. Pursuant to the law applicable to China's foreign investment enterprise, our subsidiaries, variable interest entities and their subsidiaries that are foreign investment enterprise in the PRC have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiaries, variable interest entities and their subsidiaries. Appropriation to the other two reserve funds are at our subsidiary's discretion.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding from the proceeds of our offshore fundraising activities to our PRC subsidiaries only through loans or capital contributions, and to our consolidated affiliated entity only through loans, in each case subject to the satisfaction of the applicable government registration and approval requirements. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of our initial public offering to make additional capital contributions or loans to our PRC subsidiary." As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries when needed. Notwithstanding the foregoing, our PRC subsidiaries may use their own retained earnings (rather than Renminbi converted from foreign currency denominated capital) to provide financial support to our consolidated affiliated entity either through entrustment loans from our PRC subsidiaries or direct loans to such consolidated affiliated entity's nominee shareholders, which would be contributed to the consolidated variable entity as capital injections. Such direct loans to the nominee shareholders would be eliminated in our consolidated financial statements against the consolidated affiliated entity's share capital.

5.C. Research and Development, Patents and Licenses, Etc.

Our advanced technology infrastructure and capabilities allow us to efficiently and effectively provide our services with superior user experience. Our platform incorporates the following features: (i) video and audio quality, (ii) content recommendation, (iii) image recognition, (iv) streamer discovery and evaluation and (v) advanced streaming capabilities. We continue to strengthen our technologies and big data analytic capabilities to enhance user experience and achieve operational efficiencies. See "Item 4. Information on the Company—4.B. Business Overview—Our Technology."

5.D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2024 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial condition.

5.E. Critical Accounting Estimates

We prepare our financial statements in conformity with U.S. GAAP. The preparation of these financial statements requires us to make estimates, judgments, and assumptions that can have a meaningful effect on the reporting of consolidated financial statements. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

Critical accounting estimates are defined as those reflective of significant judgments, estimates and uncertainties, which may result in materially different results under different assumptions and conditions. As conditions resulting from the weakness of macroeconomic continue to evolve, we expect these judgments and estimates may be subject to change, which could materially impact future periods.

The following descriptions of critical accounting estimates should be read in conjunction with our consolidated financial statements and accompanying notes and other disclosures included in this annual report. When reviewing our financial statements, you should consider (i) our selection of critical accounting estimates, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Impairment on Investments

We hold equity method investments and investments in equity securities without readily determinable fair values. We elected to measure these equity securities without readily determinable fair values at cost minus impairment, if any, adjusted up or down for observable price changes in orderly transactions for the identical or similar investment of the same issuer. Any adjustment to the carrying amount is recorded in other income (expenses), net. We make qualitative assessment at each reporting period and if the assessment indicates that the fair value of the investment is less than the carrying value, the investment in equity securities will be written down to its fair value, with the difference between the fair value of the investment and its carrying amount recorded as investment loss.

The impairment assessments of equity method investments and equity securities without readily determinable fair values require significant judgments made to identify impairment indicators and to estimate the fair value of these investments in order to determine the amount of impairment. We make significant judgments made to identify impairment indicators and to estimate the fair value of these investments in order to determine the amount of impairment. These judgements include valuation methods by using market approach and key valuation assumptions and estimate used in estimating impairment amounts, which comprised the investees' cash flow forecasts, operating performance of the investees and market conditions.

Changes in these estimates and assumptions could materially affect the fair value of equity method investments and investments in equity securities without readily determinable fair values. The failure to identify impairment indicators could result to material impairment losses in the future. We believe the estimates applied in the estimated fair value of the investments is based on reasonable assumptions, but which are inherently uncertain. As a result, actual results may differ from the assumptions and judgments used to determine fair value of the investments, which could lead to the fair value of the assets is less than its carrying amount.

As a result, the impairment losses of equity securities without readily determinable fair value recognized in other income (loss), RMB78.5 million, RMB58.0 million and RMB19.7 million (US$2.7 million) for the years ended December 31, 2022, 2023 and 2024, respectively. The impairment loss of equity method investments recognized in share of loss(income) in equity method investments, nil, RMB29.1 million and RMB7.1 million (US$1.0 million) for the years ended December 31, 2022, 2023 and 2024, respectively.

Realization of Deferred Tax Assets

Deferred income taxes are provided using assets and liabilities method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, the management consider all positive and negative evidence, including future reversals of projected future taxable income and results of recent operation. Deferred tax assets are then reduced by a valuation allowance through a charge to income tax expense when, in the opinion of management, it is more likely than not that a portion of or all of the deferred tax assets will not be realized.

We consider positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more likely than not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying businesses. Valuation allowances are established for deferred tax assets based on a more likely than not threshold. The Group's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carry forward periods provided for in the tax law. The Group has provided a full valuation allowance for the deferred tax assets as of December 31, 2023 and 2024, as management is not able to conclude that the future realization of those net operating loss carry forwards and other deferred tax assets are more likely than not.

Our projections of future income and qualified tax-planning strategies are subject to change due to the macroeconomic conditions and our business development. The DTAs can be utilized in the future years to the extent of the taxable profits we make in the future, and the related valuation allowance will be reversed, which can have a material impact on our income taxes and ETR in our financial statements. We recognized valuation allowance of RMB1,064.0 million, RMB1,111.6 million and RMB811.7 million (US$111.2 million) as of December 31, 2022, 2023 and 2024, respectively.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

The following table sets forth information regarding our executive officers and directors as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Shaojie Chen	41	Founder, co-Chief Executive Officer, Director
Chao Cheng	34	Chief Operational Officer
Mingming Su	40	Chief Strategy Officer, Director
Simin Ren	29	co-Chief Executive Officer, Director
Hao Cao	45	Vice President, Director
Song Zhou	46	Director
Haiyang Yu	42	Director
Xi Cao	40	Independent Director
Zhaoming Chen	42	Independent Director
Xuehai Wang	50	Independent Director
Zhi Yan	52	Independent Director

Shaojie Chen is our founder. Mr. Chen has served as our director and chief executive officer since May 2014. Mr. Chen was the founder of Shenzhen Zhangmenren Network Technology Co., Ltd. and served as its general manager from May 2008 to March 2010. He was also the founder of *Acfun*, an online video platform in China and served as its chief executive officer from March 2010 to March 2012. Mr. Chen joined Tsinghua SEM Entrepreneur Fellows Program in September 2020. Mr. Chen graduated from Shandong Youth University of Political Science in July 2007 majoring in computer science. Mr. Chen also completed the chief executive officer series courses (CKGSB CEO Program) in Cheung Kong Graduate School of Business in November 2018.

Chao Cheng has served as our chief operational officer since May 2014, responsible for our operations and content management. Mr. Cheng served as the operational specialist of Shenzhen Zhangmenren Network Technology Co., Ltd. from June 2010 to April 2011 and served as the project operational manager of Hangzhou Bianfeng Network Technology Co., Ltd. from April 2011 to June 2013. Mr. Cheng graduated from China University of Geosciences (Hankou Branch) in June 2012 with a major in computer science. Mr. Cheng completed the courses for the EMBA program of Guanghua School of Management at Peking University in June 2018 and the Future Technology program of Economics and Management School at Tsinghua University in November 2024. Mr. Cheng also qualified as the Cisco Certified Internet Expert in August 2010.

Mingming Su has served as our chief strategy officer since November 2015 and our director since October 2016. Mr. Su oversees investor relations, investment and financing. Mr. Su served as the investment analyst of Shanda Computer (Shanghai) Co., Ltd. from March 2010 to March 2011, the investment manager of Hangzhou Bianfeng Network Technology Co., Ltd. from March 2011 to August 2012 and the vice president of investment at Shenzhen Qingsong Investment Management Partnership (Limited Partnership) from August 2012 to November 2015. Mr. Su has also served as the independent director of Ebang International Holdings Inc. since November 2021. Mr. Su obtained his bachelor's degree majoring in library science and minoring in English from Anhui University in July 2007. Mr. Su also obtained his master of management majoring in library science from Chinese Academy of Sciences in March 2010.

Simin Ren has served as our co-chief executive officer since January 2025 and director since November 2023. Ms. Ren joined the Company in June 2021 and has been a vice president of the Company's PRC entities, as well as serving as vice president of the Company from November 2023 to January 2025. Ms. Ren received her bachelor's degree from the University of Manchester in June 2016 and her master's degree from the University of Warwick in November 2017.

Hao Cao has served as our vice president since November 2015 and as our director since October 2016. Mr. Cao is in charge of the internal control, corporate finance, and matters related to the financial management of our company. Mr. Cao served as the audit manager of Deloitte from July 2004 to January 2011, the chief financial officer of Firstextile AG from February 2011 to June 2015. Mr. Cao obtained his bachelor of science majoring in geology from China University of Geosciences in June 2001, and his master degree majoring in finance from Fudan University in June 2004. He is also qualified as a Certified Public Accountants in China and is a CFA Charterholder.

Song Zhou has served as our director since March 2020. Ms. Zhou served as the auditor at Arthur Andersen Huaqiang Accounting Firm from July 2001 to June 2002, senior auditor at PricewaterhouseCoopers from July 2002 to June 2004, senior manager at Protiviti Shanghai Consulting Co. LTD from June 2004 to March 2011, the vice general manager of finance at Tencent from April 2011 till now. Ms. Zhou obtained her bachelor's degree majoring in accounting from Sun Yat-sen University in June 2001.

Haiyang Yu has served as our director since May 2018. Mr. Yu has also served as a director of Kanzhun Limited (Nasdaq: BZ, HKEX:2076) since July 2019 and a director of Waterdrop Inc. (NYSE: WDH) from October 2019. Mr. Yu served as the associate at China Growth Capital from April 2007 to February 2010, the senior investment associate at WI Harper Group from March 2010 to August 2011, the vice general manager at Tencent from August 2011 till now. Mr. Yu obtained his bachelor of science degree majoring in civil engineering from Tsinghua University in 2005.

Xi Cao has served as our director since November 2014. Mr. Cao is the founding partner of Monolith Management. He currently holds directorships in several companies that are affiliated with Monolith Management. He has also served as an independent director of Feiyu Technology (HKEx: 01022) since November 2023. Prior to founding Monolith Management, he served as Partner of Sequoia Capital China from August 2013 to May 2021. Prior to joining Sequoia Capital China in August 2013, he served as the product manager of Tencent Technology (Shenzhen) Co., Ltd. from June 2008 to March 2010, the operational director of Kingsoft Software Co. Ltd. from March 2010 to August 2011, and the investment director of Cowin Venture Capital Investments Limited from August 2011 to August 2013. Mr. Cao obtained his bachelor's degree of science from Peking University in June 2008.

Zhaoming Chen has served as our director since July 2019. Mr. Chen served as the chief financial officer of Dada Nexus Limited (Nasdaq: DADA), a leading platform of local on-demand retail and delivery in China, from December 2018 to December 2023. Prior to that, Mr. Chen was the chief financial officer of Baozun Inc. (Nasdaq: BZUN), the leading brand e-commerce service partner in China from December 2012 to November 2018. Mr. Chen also served as the financial controller at LaShou Group Inc., an online social commerce company in China from 2011 to 2012 and an audit manager at Deloitte Touche Tohmatsu Certified Public Accountants LLP from 2004 to 2011. Mr. Chen obtained his bachelor's degree in economics from Fudan University in 2004. He is also qualified as a Certified Public Accountants in China and is a CFA Charterholder.

Xuehai Wang has served as our director since July 2019. Mr. Wang has served as the chairman of Jissbon Sanitary Products Co., Ltd. from December 1999 to August 2009 and then from August 2017 till now. Mr. Wang has also served as the president of Humanwell Healthcare (Group) Co., Ltd. from February 2003 to January 2025. Mr. Wang obtained his bachelor's degree in Geochemistry from China University of Geosciences in July 1996. He also obtained his master degree and doctorate degree in business management from Wuhan University in July 1999 and July 2003, respectively. Mr. Wang has also completed the courses for the EMBA program at Central Connecticut State University in August 2002.

Zhi Yan has served as our director since July 2019. Mr. Yan has served as the chairman of Zall Holding Co., Ltd. since December 2002, the co-chairman and co-chief executive officer of Zall Smart Commerce Group since March 2016, and the chairman and the director of Hanshang Group since March 2019. From November 2011 to May 2022, Mr. Yan served as the chairman and director of China Infrastructure & Logistics Group Ltd. From March 2016 to March 2023, Mr. Yan has previously served as the director from March 2016 to March 2023 and re-elected as the director and chairman of the board of LightInTheBox Holding Co., Ltd. (NYSE: LITB) since August 2024. Mr. Yan served as the director of LightInTheBox Holding Co., Ltd. (NYSE: LITB). Mr. Yan has completed the courses for the EMBA program at Wuhan University in February 2008 and also completed the courses for the EMBA program in Cheung Kong Graduate School of Business in September 2013. Mr. Yan obtained his doctorate degree in Chinese History from Wuhan University in June 2018.

In November 2023, the Board of the Company formed an interim management committee consisting of Mr. Su, Mr. Cao, and Ms. Ren to manage the Company's operations until Ms. Ren was appointed as co-Chief Executive in January 2025.

6.B. Compensation

Compensation

For the fiscal year ended December 31, 2024, we paid an aggregate of approximately RMB7.19 million (US$0.99 million) in cash to our directors and executive officers (the unpaid annual bonus is not included), and we paid an aggregate of approximately RMB2 million (US$0.3 million) cash compensation to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors excepts for mandatory social insurance and commercial medical insurance. Our PRC subsidiaries, variable interest entities and their subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For share incentive grants to our directors and executive officers, see "—Share Incentive Plan."

Employment Agreements and Indemnification Agreements

We have entered into an employment agreement with each of our executive officers. Each of our executive officers is employed for a specified time period, which will be automatically extended unless upon 30-day prior written notice by us or 60-day prior written notice by the executive officer to terminate such employment. We may terminate the executive officer's employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed upon duties.

Each executive officer has agreed not to disclose, use, transfer or sell, except in the course of employment with our company and for the purpose of carrying out his or her duties as an officer of our company, any of our confidential information or proprietary data so long as such information or proprietary data remains confidential and has not been disclosed or is not otherwise in the public domain. Each officer has agreed that we shall own all the intellectual property developed by such officer during his or her employment. In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for two years following the last date of employment.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agreed to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Share Incentive Plan

DouYu International Holdings Limited 2019 Share Incentive Plan

In April 2019, we adopted the 2019 Share Incentive Plan (the "2019 Share Incentive Plan"). Under the 2019 Share Incentive Plan, the maximum aggregate number of shares we may issue is 3,456,869. The term of the options will not exceed ten years from the date the 2019 Share Incentive Plan was approved by the board. As of the date of this annual report, we have not granted any options under the 2019 Share Incentive Plan.

The following paragraphs summarize the terms of the 2019 Share Incentive Plan.

Types of Awards. The 2019 Share Incentive Plan permits the awards of options, restricted shares, restricted share units, share appreciation rights, rights to dividends, dividend equivalent rights and other rights or benefits under the 2019 Share Incentive Plan.

Plan Administration. After the completion of our initial public offering in July 2019, a committee formed in accordance with applicable stock exchange rules has administered the 2019 Share Incentive Plan, unless otherwise determined by the board.

Eligibility. Employees, directors and officers and the consultants of our company or an affiliate are eligible to participate pursuant to the terms of the 2019 Share Incentive Plan, provided, however, that the aggregate amount of awards to be granted to any participant shall not exceed 1% of the maximum aggregate number of shares that may be issued pursuant to all awards under the 2019 Share Incentive Plan.

Conditions of Award. The board, individuals authorized by the board or the committee formed after our initial public offering in July 2019 to administer the 2019 Share Incentive Plan, as the administrator, shall determine the participants, types of awards, numbers of shares to be covered by awards, terms and conditions of each award, and provisions with respect to the vesting schedule, settlement, exercise, repurchase, cancellation, forfeiture, restrictions, limitations or suspension of awards.

Term of Award. The term of each award shall be fixed by the administrator and is stated in the award agreement between the recipient of an award and us. No award shall be granted under the 2019 Share Incentive Plan after ten years from the date the 2019 Share Incentive Plan was approved by the board.

Transfer Restrictions. Unless otherwise determined by the administrator of the 2019 Share Incentive Plan, no award and no right under any such award shall be assignable, alienable, saleable or transferable by the employee otherwise than by will or by the laws of descent and distribution, provided that if so determined by the administrator, the recipient of an award may, in the manner established by such administrator, designate a beneficiary or beneficiaries to exercise his or her rights, and to receive any property distributable, with respect to any award upon the death of the recipient. All shares or other securities issued or transferred under the 2019 Share Incentive Plan pursuant to any award or the exercise, sale, transfer and disposition thereof shall be subject to such stop transfer orders and other transfer or conversion restrictions as the administrator may deem advisable under the plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such shares or other securities are then listed, any applicable laws, and any arrangement to be entered into by our company with any depositary bank and/or the underwriters.

DouYu International Holdings Limited Amended and Restated Restricted Share Unit Scheme

We adopted a restricted share unit scheme in April 2018 which was amended and restated in April 2019, or the Amended and Restated 2018 RSU Scheme. The purpose of the Amended and Restated 2018 RSU Scheme is to recognize and reward suitable personnel for their contribution to our Company, to attract suitable personnel, and to provide incentives to them to remain with and further contribute to our Company. Under the Amended and Restated 2018 RSU Scheme, the maximum aggregate number of ordinary shares we are authorized to issue pursuant to all awards is 2,106,321 ordinary shares. As of March 31, 2025, a total of 2,075,858 RSUs corresponding to 2,075,858 ordinary shares were granted and not forfeited under the Amended and Restated 2018 RSU Scheme. The RSUs are vested by equal installment for 36 months upon our initial public offering in July 2019. 2,075,858 RSUs corresponding to 2,075,858 ordinary shares have been vested as of March 31, 2025.

We issued 2,106,321 ordinary shares to Douyu Employees Limited for the purpose of transferring such shares to the plan participants according to the RSUs issued or to be issued to them under our Amended and Restated 2018 RSU Scheme adopted in April 2018. Douyu Employees Limited is an exempted company incorporated in the Cayman Islands and acts according to the Amended and Restated 2018 RSU Scheme and the trust deed entered into by and between our company and Maples Trustee Services (Cayman) Limited on May 16, 2018.

The following paragraphs summarize the terms of the Amended and Restated 2018 RSU Scheme.

Types of Awards. The Amended and Restated 2018 RSU Scheme permits the awarding of RSUs.

Scheme Administration. The Amended and Restated 2018 RSU Scheme shall be administrated by the board and the trustee in accordance with the Amended and Restated 2018 RSU Scheme and the trust deed entered into by and between our Company and Maples Trustee Services (Cayman) Limited on May 16, 2018. The powers and obligations of the trustee will be limited as set forth in the aforementioned trust deed. The board may by resolution delegate any or all of its powers in the administration of this Amended and Restated 2018 RSU Scheme to the administration committee or any other committee as authorized by the board for such purpose.

Eligibility. RSUs may be granted to any employee or any person as determined by the board to be eligible to participate in the Amended and Restated 2018 RSU Scheme.

Notice of Grant. Each award under the Amended and Restated 2018 RSU Scheme shall be evidenced by a letter or any such notice or document in such form as the board may from time to time determine, an offer of grant of award, which shall attach an acceptance notice. The grantee shall sign the acceptance notice and return it to the trustee or our Company within the time period and in a manner prescribed in the notice of grant.

Conditions of Award. The board shall determine the provisions, terms, and conditions of each award including, but not limited to, eligible participant, vesting schedule, the lock-up arrangements upon vesting and other terms and conditions that the award is subject to.

Transfer Restrictions. Any award granted pursuant to this Amended and Restated 2018 RSU Scheme shall be personal to the grantee and shall not be assignable or transferable. No grantee shall in any way sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favor of any other person over or in relation to any RSUs or any other property held by the trustee on trust for the grantees, awards, shares underlying any awards or any interest or benefits therein.

Voting Power and Dividend Right of the RSUs. No grantee shall enjoy any of the rights of a shareholder by virtue of the grant of an award pursuant to the Amended and Restated 2018 RSU Scheme, unless and until such shares underlying the award are actually transferred to the grantee upon the vesting of the RSU. None of the RSUs granted under this Amended and Restated 2018 RSU Scheme carry any right to vote at general meetings of our Company or have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any shares underlying an unvested RSU, unless otherwise specified by the board.

Amendment of the Amended and Restated 2018 RSU Scheme. The Amended and Restated 2018 RSU Scheme may be altered, amended or waived in any respect by the board, *provided that*, such alteration, amendment or waiver shall not affect any subsisting rights of any grantee thereunder.

Term of the Amended and Restated 2018 RSU Scheme. The Amended and Restated 2018 RSU Scheme shall remain valid and effective until the 10th anniversary date of the date if was adopted.

Termination of the Amended and Restated 2018 RSU Scheme. The Amended and Restated 2018 RSU Scheme may be terminated at any time prior to the expiry of its term by the board, *provided that*, such termination shall not affect any subsisting rights of any grantee thereunder.

The following table summarizes, as of the date of this annual report, the number of RSUs that we granted to our directors and executive officers under the Amended and Restated 2018 RSU Scheme. We have not granted other equity awards to our directors or executive officers.

Name	Ordinary Shares Underlying RSUs	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Shaojie Chen	1,430,315	—	April 1, 2018	—
Chao Cheng	*	—	April 1, 2018	—
Mingming Su	*	—	April 1, 2018	—
Hao Cao	*	—	April 1, 2018	—
Simin Ren	—	—	—	—
Song Zhou	—	—	—	—
Haiyang Yu	—	—	—	—
Xi Cao	—	—	—	—
Zhaoming Chen	—	—	—	—
Xuehai Wang	—	—	—	—
Zhi Yan	—	—	—	—

Note:

* Less than 1% of our total outstanding shares.

As of March 31, 2025, other grantees under the Amended and Restated 2018 RSU Scheme as a group held 21,271 RSUs.

For discussions of our accounting policies and estimates for awards granted pursuant to the Amended and Restated 2018 RSU Scheme, see "Item 5. Operating and Financial Review and Prospects—5.A. Operating Results—Critical Accounting Policies, Judgments and Estimates—Share-based compensation."

6.C. Board Practices

Board of directors

Our board of directors consists of ten directors, including four independent directors. A director is not required to hold any shares in our company to qualify to serve as a director. The Listing Rules of the Nasdaq Stock Market generally require that a majority of an issuer's board of directors must consist of independent directors. However, the Listing Rules of the Nasdaq Stock Market permit foreign private issuers like us to follow "home country practice" in certain corporate governance matters. We rely on this "home country practice" exception and do not have a majority of independent directors serving on our board of directors.

A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his or her interest at a meeting of our directors. In addition, the interested director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested in except for certain circumstances as set out in the Articles of Association. Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

Committees of the board of directors

We have established the following committees in our board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. The committees operate in accordance with terms of reference established by our board of directors.

Audit Committee. Our audit committee consists of Mr. Zhaoming Chen, Mr. Xuehai Wang and Mr. Zhi Yan. Mr. Zhaoming Chen is the chairman of our audit committee. We have determined that each of Mr. Zhaoming Chen, Mr. Xuehai Wang and Mr. Zhi Yan satisfies the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market and Rule 10A-3 under the Securities Exchange Act of 1934. We have determined that Mr. Zhaoming Chen qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent registered public accounting firm; and
- reporting regularly to the board.

Compensation Committee. Our compensation committee consists of Mr. Shaojie Chen, Mr. Mingming Su and Mr. Zhi Yan and is chaired by Mr. Shaojie Chen. We have determined that Mr. Zhi Yan satisfies the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our executive officers. Our officer may not be present at any committee meeting during which such officer's compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our executive officers;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Mr. Shaojie Chen, Mr. Mingming Su and Mr. Xuehai Wang, and is chaired by Mr. Shaojie Chen. We have determined that Mr. Xuehai Wang satisfies the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board pursuant to the terms of the Fourth Amended and Restated Memorandum and Articles of Association, effective upon the completion of our initial public offering in July 2019;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience, expertise, diversity and availability of service to us;

- developing and recommending to our board such policies and procedures with respect to nomination or appointment of members of our board and chairs and members of its committees or other corporate governance matters as may be required pursuant to any SEC or Nasdaq rules, or otherwise considered desirable and appropriate;

- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;

- developing and reviewing at least annually the corporate governance principles adopted by the board and advising the board with respect to significant developments in the law and practice of corporate governance and our compliance with such laws and practices;

- evaluating the performance and effectiveness of the board as a whole; and

- reviewing and approving compensation for our directors.

Duties and Functions of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonable director would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached. The functions and powers of our board of directors include, among others, (i) convening shareholders' annual general meetings and reporting its work to shareholders at such meetings, (ii) declaring dividends and other distributions, (iii) appointing officers and determining their terms of offices and responsibilities, and (iv) approving the transfer of shares of our company, including the registering of such shares in our share register.

Terms of Directors and Officers

Our directors are elected pursuant to the terms of our Fourth Amended and Restated Memorandum and Articles of Association. Mr. Shaojie Chen and Mr. Wenming Zhang, and entities which hold shares of our company on behalf of and are controlled by Mr. Shaojie Chen and Mr. Wenming Zhang, have the right to appoint up to four directors. Nectarine, a wholly-owned subsidiary of Tencent, has the right to appoint up to two directors as long as it beneficially owns no less than 33% of the shares it beneficially owns immediately prior to the completion of our initial public offering in July 2019. Our board of directors has the right to appoint up to four independent directors and may appoint additional directors, if any. Directors appointed by a specified group may only be removed by the affirmative vote of such group.

Our directors are not subject to a term of office and hold office until such time as they are removed from office pursuant to the terms of the Fourth Amended and Restated Memorandum and Articles of Association. A director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) is prohibited by any applicable law or regulations of the Nasdaq from being a director; (v) without special leave of absence from the board, is absent from meetings of the board for three consecutive meetings and the board resolves that his office be vacated; or (vi) is removed from office pursuant to any other provision of our Fourth Amended and Restated Memorandum and Articles of Association.

Our officers are nominated by Mr. Shaojie Chen (who has a second or casting vote when there is an equality of votes) and Mr. Wenming Zhang, and entities which hold shares of our company on behalf of and are controlled by Mr. Shaojie Chen and Mr. Wenming Zhang, and are elected by the board at such term and remuneration as the board sees fit.

6.D. Employees

We had 819 employees as of December 31, 2024, and substantially all of our employees were based in China.

The following table sets forth a breakdown of our employees by function as of December 31, 2024:

	Number of Employees	Percentage
Operation and products	214	26.1
Research and development	305	37.2
Sales and marketing	44	5.4
General and administration	256	31.3
Total	**819**	**100.0**

Our success depends on our ability to attract, retain and motivate qualified personnel. We adopt high standards in recruitment with strict procedures to ensure the quality of new hires. Moreover, we provide a robust training program for new employees that we hire, which we believe are effective in equipping them with the skill set and workplace ethics that we require of our employees. We have developed a dynamic corporate culture that encourages innovation, technical skills and self-development.

We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethics policies and non-competition with most of our executive officers, managers and employees. These contracts typically include a non-competition provision effective during and up to two years after their employment with us and a confidentiality provision effective during and after their employment with us.

Our employees have formed an employee union, which helps us to maintain a good working relationship with our employees. We have not experienced any material labor disputes.

6.E. Share Ownership

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of March 31, 2025 by:

- each of our directors and executive officers;
- all of our directors and executive officers as a group; and
- each of our principal shareholders who beneficially own more than 5% of our total outstanding ordinary shares.

The calculations in the table below are based on 30,178,859 ordinary shares issued and outstanding as of March 31, 2025.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares		
Directors and Executive Officers†	**Number**	**Percentage of total ordinary shares**	**Percentage of aggregate voting power*** **
Shaojie Chen(1)	5,441,948	18.0	18.0
Chao Cheng	—	—	—
Mingming Su	—	—	—
Hao Cao	—	—	—
Simin Ren	—	—	—
Song Zhou	—	—	—
Haiyang Yu	—	—	—
Xi Cao	—	—	—
Zhaoming Chen	—	—	—
Xuehai Wang	—	—	—
Zhi Yan	—	—	—
All Directors and Executive Officers as a Group	5,441,948	18.0	18.0
Principal Shareholders:			
Entities affiliated with Tencent(2)	12,070,080	40.0	40.0
Warrior Ace Holding Limited(3)	5,441,948	18.0	18.0
Bright Valley Capital Limited(4)	1,576,000	5.2	5.2

Notes

* Less than 1% of our total outstanding shares.

** For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of (i) 30,178,859 being the number of ordinary shares outstanding as of March 31, 2025 and (ii) the number of ordinary shares underlying share options held by such person or group that are exercisable or RSUs that will become vested within 60 days after the date of this annual report.

*** For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our ordinary shares as a single class.

† The address of our directors and executive officers except for Ms. Song Zhou, Mr. Haiyang Yu, Mr. Xi Cao, Mr. Zhaoming Chen, Mr. Xuehai Wang and Mr. Zhi Yan is 20/F, Building A, New Development International Center, No. 473 Guanshan Avenue, Hongshan District, Wuhan, Hubei Province, the People's Republic of China. The business address for Ms. Zhou is Room 1631, Building C, Kexing Science Park, Kejizhongsan Avenue, Nanshan District, Shenzhen, the People's Republic of China, the business address for Mr. Yu is 29/F, Three Pacific Place, No. 1 Queen's Road East, Wanchai, Hong Kong; the business address for Mr. Cao is Room 3606, China Central Place Tower 3, 77 Jianguo Road, Beijing 100025, China; the business address of Mr. Chen is 22/F, Oriental Fisherman's Wharf, No. 1088 Yangshupu Road, Yangpu District, Shanghai, the People's Republic of China; the business address for Mr. Wang is No. 666 Gaoxin Avenue, East Lake New Technology Development Zone, Wuhan, the People's Republic of China; and the business address for Mr. Yan is Special #1, Julong Avenue, Panlong Town Economics Development Zone, Wuhan, the People's Republic of China.

(1) The number of ordinary shares beneficially owned represents 5,441,948 ordinary shares held by Mr. Chen through Warrior Ace Holding Limited, or Warrior Ace, which consists of (i) 1,197,553 ordinary shares in the form of ADSs, and (ii) 4,244,395 ordinary shares. Warrior Ace is an exempted company incorporated with limited liability under the laws of the British Virgin Islands, wholly-owned by Mr. Chen. The registered address of Warrior Ace is Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands. Warrior Ace is beneficially owned and controlled by Mr. Chen.

(2) Represents (i) 12,068,104 ordinary shares held by Nectarine, an exempted company incorporated with limited liability under the laws of the British Virgin Islands and a wholly-owned subsidiary of Tencent, and (ii) 1,976 ordinary shares in the form of ADSs held by Distribution Pool Limited, a limited liability incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of Tencent. Tencent is a Cayman Islands exempted company listed on the Main Board of the Hong Kong Stock Exchange. The principal business address of Nectarine is Level 29, Three Pacific Place, No. 1 Queen's Road East, Wanchai, Hong Kong. The registered office of Distribution Pool Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(3) Represents 5,441,948 ordinary shares beneficially owned by Mr. Chen, our chief executive officer and director, as set forth in note (1) above.

(4) Represents 1,576,000 ordinary shares beneficially owned by Bright Valley Capital Limited, according to the Form 13F filed by it with the SEC on February 14, 2025. The registered address of Bright Valley Capital Limited is Unit 1129, 11F, Admiralty Center Tower 2,18 Harcourt Road, Admiralty, Hong Kong.

To our knowledge, as of March 31, 2025, a total of 13,525,262 ordinary shares are held by one record holder in the United States, representing approximately 44.8% of our total outstanding shares. The holder is JPMorgan Chase Bank, N.A., the depositary of our ADS program.

None of our shareholders has informed us that it is affiliated with a member of Financial Industry Regulatory Authority, or FINRA.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

6.F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

None.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees — 6.E. Share Ownership." The company's major shareholders do not have different voting rights than the other shareholders.

7.B. Related Party Transactions

Transactions with Wuhan Shayu Network Technology Co., Ltd.

In 2024, we had an amount due from Wuhan Shayu Network Technology Co., Ltd. of approximately RMB5.2 million (US$0.7 million).

Transactions with Tencent

In 2022, 2023 and 2024, we provided services to Tencent's PRC affiliated entities in relation to advertisements, game distribution and promotional activities on our platform for the total amount of approximately RMB20.4 million, RMB60.3 million, RMB48.5 million (US$6.6 million) in fees, respectively. As of December 31, 2024, we had an amount of approximately RMB68.9 million (US$9.4 million) due from certain of Tencent's PRC affiliated entities, representing the unsettled balance of fees for the services we provided to them.

In 2022, 2023 and 2024, Tencent provided services to us through its PRC affiliated entities in relation to CDN, P2P streaming technologies, online payment and website technology support and licensed certain copyrights to us for the total amount of approximately RMB398.1 million, RMB561.8 million and RMB473.5 million (US$64.9 million) in fees, respectively. As of December 31, 2024, we had an amount of approximately RMB212.5 million (US$29.1 million) due to certain of Tencent's PRC affiliated entities, representing the unsettled balance of fees for the services and copyrights they provided to us.

We have entered into the Amended and Restated SCFM and other agreements with Tencent through its PRC affiliated entities.

Transactions with Equity Method Investee Talent Agencies

We cooperate with certain talent agencies to manage and organize streamers on our platform and may enter into revenue sharing arrangements with them. We have also made equity investments in certain talent agencies and exercise significant influence over them. Such investments are accounted for as equity method investee talent agencies.

In 2022, 2023 and 2024, we received livestreaming revenue and other revenue from the equity method investee talent agencies of nil, RMB2.5 million and RMB0.5 million (US$62.7 thousand), respectively. In 2022, 2023 and 2024, we paid revenue sharing fees and content costs of RMB181.6 million, RMB105.5 million and RMB12.5 million (US$1.7 million), respectively, to the equity method investee talent agencies. As of December 31, 2024, we had an amount of approximately RMB0.1 million (US$19.5 thousand) due from equity method investee talent agencies and amount due to equity method investee talent agencies of RMB10.0 million (US$1.3million). For details, please refer to Note 18 to the consolidated financial statements for the years ended December 31, 2022, 2023 and 2024 included elsewhere in this annual report.

Terms of Directors and Officers

See "Item 6. Directors, Senior Management and Employees—6.C. Board Practices—Terms of Directors and Officers."

Contractual Arrangements with The VIEs and The VIEs' Respective Shareholders

See "Item 4. Information on the Company—4.C. Organizational Structure—Contractual Arrangements with The VIEs and The VIEs' Respective Shareholders."

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—6.B. Compensation—Employment Agreements and Indemnification Agreements."

Share Incentives

See "Item 6. Directors, Senior Management and Employees—6.B. Compensation—Share Incentive Plan."

7.C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Litigation

We have been and may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including matters relating to contractual disputes, intellectual property infringement and unfair competition. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Item 3. Key Information—Item 3.D. Risk Factors—Risks Related to Our Business and Our Industry—We may be subject to intellectual property infringement claims or other allegations by third parties for information or content displayed on, retrieved from or linked to our platform, or distributed to our users, or for proprietary information appropriated by former employees, which may materially and adversely affect our business, financial condition and prospects," "Item 3. Key Information —Item 3.D. Risk Factors—Risks Related to Our Business and Our Industry—We may be held liable for information or content displayed on, retrieved from or linked to our platform, or distributed to our users if such content is deemed to violate any PRC laws or regulations, and PRC authorities may impose legal sanctions on us," "Item 3. Key Information— Item 3.D. Risk Factors—Risks Related to Our Business and Our Industry—Implementation of the labor laws and regulations in China may adversely affect our business and results of operations," and "Item 3. Key Information—Item 3.D. Risk Factors—We are subject to risks relating to litigation, which could adversely affect our business, prospects, results of operations and financial condition."

In June 2023, we and certain of our officers were named as defendants in a putative securities class action filed in federal court in the District of New Jersey, captioned *Fernandez v. Douyu Int'l Holdings Ltd.*, 23-cv-03161 (D.N.J.) (the "*Fernandez* Action"). On August 24, 2023, the court appointed lead plaintiffs in the *Fernandez* Action, who filed an amended complaint on November 16, 2023. The amended complaint alleges certain of our public disclosures were materially misleading in violation of the Exchange Act. On March 4, 2024, we filed a motion to dismiss the *Fernandez* Action in its entirety. In lieu of opposing DouYu's motion to dismiss, lead plaintiffs filed a second amended complaint on April 4, 2024. On July 30, 2024, the parties to the *Fernandez* Action executed a stipulation of settlement to resolve the matter on a class-wide basis in exchange for the payment of US$2.25 million. On July 31, 2024, the lead plaintiffs filed a motion for preliminary approval of the settlement; on March 31, 2025, the Court entered order preliminarily approving the settlement.

Dividend Policy

Our board of directors approved and declared two special cash dividends in the amount of US$9.76 per ordinary share, or US$9.76 per ADS in July 2024 and in the amount of US$9.94 per ordinary share, or US$9.94 per ADS in January 2025, respectively. The aggregate amount of the dividend were approximately US$600 million.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations Relating to Foreign Currency Exchange and Dividend Distribution."

Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or its share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Item 12. Description of Securities Other Than Equity Securities—12.D. American Depositary Shares."

8.B. Significant Changes

Except as otherwise disclosed in this report, we have not experienced any significant changes since the date of our audited consolidated financial statements included herein.

ITEM 9. THE OFFER AND LISTING

9.A. Offering and Listing Details

Our ADSs have been listed on the Nasdaq Global Select Market since July 17, 2019 under the symbol "DOYU," and every 10 ADSs represented one ordinary share, par value US$0.0001 per share. Effective from March 28, 2024, we changed the ratio of our ADSs to the ordinary shares from ten (10) ADSs representing one (1) ordinary share to one (1) ADS representing one (1) ordinary share.

9.B. Plan of Distribution

Not applicable.

9.C. Markets

Our ADSs have been listed on the Nasdaq Global Select Market since July 17, 2019. Our ADSs are traded under the symbol "DOYU."

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

We are an exempted company incorporated under the laws of the Cayman Islands and our affairs are governed by our Fourth Amended and Restated Memorandum and Articles of Association, as amended and restated from time to time, and Companies Act (As Revised) of the Cayman Islands, which we refer to as the Companies Act below, and the common law of the Cayman Islands.

We incorporate by reference into this annual report our Fourth Amended and Restated Memorandum and Articles of Association, the form of which was filed as Exhibit 3.2 to our registration statement on Form F-1 (File Number 333-230976) filed with the Securities and Exchange Commission on April 22, 2019, as amended. Our shareholders adopted our Fourth Amended and Restated Memorandum and Articles of Association by a special resolution in May 2019, which became effective immediately prior to completion of our initial public offering of ADSs representing our ordinary shares.

The following are summaries of material provisions of our Fourth Amended and Restated Memorandum and Articles of Association and the Companies Act insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

According to Clause 3 of our Fourth Amended and Restated Memorandum and Articles of Association, the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Act or as the same may be revised from time to time, or any other law of the Cayman Islands.

Board of Directors

See “Item 6. Directors, Senior Management and Employees.”

Ordinary Shares

General

Our authorized share capital is US$100,000 divided into (i) 500,000,000 ordinary shares of a nominal or par value of US$0.0001 each, and (ii) 500,000,000 shares of a par value of US$0.0001 as our board of directors may determine in accordance with our Fourth Amended and Restated Memorandum and Articles of Association. Holders of our ordinary shares will have the same rights except for voting and conversion rights. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. We may not issue shares to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to our Fourth Amended and Restated Memorandum and Articles of Association and the Companies Act. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. In either case, under the laws of the Cayman Islands, our company may pay a dividend out of either profits or our share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights

In respect of all matters subject to a shareholders' vote, each ordinary share is entitled to one vote for each ordinary share registered in his or her name on our register of members. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder.

A quorum required for a meeting of shareholders consists of one or more shareholders holding not less than one-third of the votes attaching to the issued and outstanding shares entitled to vote at general meetings present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our Fourth Amended and Restated Memorandum and Articles of Association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting, in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders' annual general meetings and any other general meetings of our shareholders may be called by a majority of our board of directors or our chairman or upon a requisition of shareholders holding at the date of deposit of the requisition not less than one-third of the votes attaching to the issued and outstanding shares entitled to vote at general meetings, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our Fourth Amended and Restated Memorandum and Articles of Association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice of at least ten (10) calendar days is required for the convening of our annual general meeting and other general meetings unless such notice is waived in accordance with our articles of association.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting, while a special resolution also requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting. A special resolution will be required for important matters such as making changes to our Fourth Amended and Restated Memorandum and Articles of Association.

Transfer of Ordinary Shares

Subject to the restrictions in our Fourth Amended and Restated Memorandum and Articles of Association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;

- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and

- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within one month after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers or by electronic means, or after compliance with any notice required of the Nasdaq, be suspended and the register of members closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register of members closed for more than 30 calendar days in any year.

Liquidation

On a return of capital on winding-up or otherwise (other than on conversion, redemption or purchase of ordinary shares), if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding-up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding-up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them. Any distribution of assets or capital to a holder of ordinary share will be the same in any liquidation event.

Redemption, Repurchase and Surrender of Ordinary Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by an ordinary resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors or by ordinary resolution of our shareholders, or are otherwise authorized by our Fourth Amended and Restated Memorandum and Articles of Association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares issued and outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variation of Rights of Shares

If at any time our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), only be materially adversely varied or abrogated with the consent in writing of the holders of not less than two-thirds of the issued shares of the relevant class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of such class by the holders of two-thirds of the votes cast at such a meeting. The rights conferred upon the holders of the shares of any class issued shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied or abrogated by, *inter alia*, by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any share of any class by the Company.

Inspection of Books and Records

Holders of our ordinary shares have no general right under the Companies Act to inspect or obtain copies of our list of shareholders or our corporate records (except for our memorandum and articles of association and our register of mortgages and charges). However, we will provide our shareholders with annual audited financial statements.

Issuance of Additional Shares

Our Fourth Amended and Restated Memorandum and Articles of Association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our Fourth Amended and Restated Memorandum and Articles of Association also authorizes our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Anti-Takeover Provisions

Some provisions of our Fourth Amended and Restated Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Fourth Amended and Restated Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies of the Cayman Islands;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may obtain an undertaking against the imposition of any future taxation;
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder's shares of the company, except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil.

10.C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in this annual report.

On April 25, 2023, Wuhan Ouyue entered into a License Agreement for Broadcasting League of Legends Matches with Tengjing Sports & Culture Development (Shanghai) Co., Ltd., ("**Tengjing**") under which we purchased a non-exclusive license for broadcasting of games during the period from 2023 to 2025 for a total consideration of RMB450 million. We are currently in discussions with Tengjing to amend or early terminate the License Agreement. For details, please see "Item 3. Key Information—Item 3.D. Risk Factors—The changes in our business strategies and offerings may make it difficult to evaluate our future prospects."

On June 4, 2024, we and Tencent further renewed our strategic cooperation agreement (the "**SCFM**"), which initially became effective on January 31, 2018 and was subsequently replaced by the Amended and Restated SCFM dated April 1, 2019. The renewed SCFM had substantially the same terms as the Amended and Restated SCFM and extended the term for another three years.

10.D. Exchange Controls

The Cayman Islands currently has no exchange control regulations or currency restrictions. See "Item 4. Information of the Company—4.B. Business Overview—Regulation—Regulations Relating to Foreign Currency Exchange and Dividend Distribution."

10.E. Taxation

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us or holders of our ADSs or ordinary shares levied by the government of the Cayman Islands, except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the ADSs or ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the ADSs or ordinary shares, nor will gains derived from the disposal of the ADSs or ordinary shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Under the PRC Enterprise Income Tax Law, which became effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the PRC Enterprise Income Tax Law, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

SAT Circular 82 issued by the SAT in April 2009 specifies that certain offshore incorporated enterprises controlled by PRC resident enterprises or PRC resident enterprise groups will be classified as PRC resident enterprises only if all of the following conditions are met: (a) the senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (b) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (d) not less than half of the enterprise's directors or senior management with voting rights habitually reside in the PRC. Although SAT Circular 82 and SAT Bulletin 45 apply only to offshore incorporated enterprises controlled by PRC resident enterprises or PRC resident enterprise group and not those controlled by PRC resident individuals or foreigners, Han Kun Law Offices, our legal counsel as to PRC law, has advised us that the determination criteria set forth therein may reflect SAT's general position on how the term "de facto management body" could be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC resident enterprises, individuals or foreigners. Further to SAT Circular 82, the SAT issued the SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration details regarding the determination on residence status and administration on post-determination matters. Our company is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes even if the standards for "de facto management body" prescribed in SAT Circular 82 are applicable to us. For similar reasons, we believe our other entities outside China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." There can be no assurance that the PRC government will ultimately take a view that is consistent with us. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, a 10% withholding tax would be imposed on dividends we pay to our non-PRC resident enterprise shareholders (including our ADS holders). In addition, non-PRC resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including our ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—Under the PRC enterprise income tax law, we may be classified as a PRC 'resident enterprise,' which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment."

U.S. Federal Income Tax Considerations

The following are certain U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of the ADSs or ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to hold or dispose of the ADSs or ordinary shares.

This discussion applies only to a U.S. Holder that holds the ADSs or ordinary shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). It does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including any minimum tax or Medicare contribution tax considerations and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or ordinary shares as part of a straddle, integrated or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes and their partners;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";

- insurance companies;
- certain U.S. expatriates;
- persons that own or are deemed to own ADSs or ordinary shares representing 10% or more of our voting power or value;
- persons who acquired our ADSs or ordinary shares pursuant to the exercise of an employee stock option or otherwise as compensation; or
- persons holding ADSs or ordinary shares in connection with a trade or business outside the United States.

If a partnership (or other entity that is classified as a partnership for U.S. federal income tax purposes) owns ADSs or ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning ADSs or ordinary shares and their partners should consult their tax advisers as to their particular U.S. federal income tax consequences of owning and disposing of ADSs or ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and the PRC, or the Treaty, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

As used herein, a "U.S. Holder" is a person that is, for U.S. federal income tax purposes, a beneficial owner of the ADSs or ordinary shares and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder that owns ADSs will be treated as the owner of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying ordinary shares represented by those ADSs.

This discussion does not address any U.S. federal taxes (such as estate or gift taxes) other than income taxes, nor does it address any state, local or non-U.S. considerations. U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ADSs or ordinary shares in their particular circumstances.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income; or (ii) 50% or more of the value of its assets (generally determined on a quarterly average basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is a generally passive asset for these purposes. Goodwill and other intangible assets generally are characterized as a non-passive or passive assets based on the nature of the income produced in the activity to which the goodwill or intangible assets are attributable.

The assets shown on our balance sheet consist primarily of cash and bank deposits, and while this continues to be the case our PFIC status for any taxable year depends largely on the value of our goodwill and other intangible assets. The value of our goodwill and other intangible assets for any taxable year may be determined by reference to the average of our market capitalization for that year. Because generally our market capitalization has declined substantially in recent years, if the value of our goodwill and other intangible assets is determined by reference to the average of our quarterly market capitalization then we were likely a PFIC for our 2024 taxable year and certain prior taxable years. Due to our declined market capitalization, there is a significant risk that we will also be a PFIC for 2025 and possibly future taxable years. In addition, the extent to which our goodwill and other intangible assets should be characterized as non-passive assets is not entirely clear. We have not obtained any valuation of our assets (including goodwill). U.S. Holders of our ADSs or ordinary shares should consult their tax advisers regarding the value and characterization of our assets for purposes of the PFIC rules, which are subject to some uncertainties. Moreover, it is not entirely clear how the contractual arrangements between us, our wholly-owned subsidiaries, our VIEs and the shareholders of our VIEs will be treated for purposes of the PFIC rules, and we may be or become a PFIC for any taxable year if our VIEs are not treated as owned by us for these purposes. For these reasons, we cannot express an expectation as to our PFIC status for 2025 or any future taxable year.

If we are a PFIC for any taxable year and any of our subsidiaries, VIEs or other companies in which we own or are treated as owning equity interests is also a PFIC (any such entity, a "Lower-tier PFIC"), U.S. Holders will be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and will be subject to U.S. federal income tax according to the rules described in the subsequent paragraph on (i) certain distributions by the Lower-tier PFIC and (ii) dispositions of shares of the Lower-tier PFIC, in each case as if the U.S. Holders held such shares directly, even though the U.S. Holders will not receive the proceeds of those distributions or dispositions.

In general, if we are a PFIC for any taxable year during which a U.S. Holder owns ADSs or ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of its ADSs or ordinary shares will be allocated ratably over that U.S. Holder's holding period. The amounts allocated to the taxable year of the sale or disposition and to any year before we became a PFIC will be taxed as ordinary income. The amount allocated to each other taxable year will be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge will be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any taxable year on its ADSs or ordinary shares exceed 125% of the average of the annual distributions on the ADSs or ordinary shares received during the preceding three taxable years or the U.S. Holder's holding period, whichever is shorter, such excess distributions will be subject to taxation in the same manner.

Under a rule commonly referred to as the "once a PFIC always a PFIC" rule, if we are a PFIC for any taxable year during which a U.S. Holder owns ADSs or ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns the ADSs or ordinary shares, even if we cease to meet the threshold requirements for PFIC status. If we are a PFIC for any taxable year but cease to be PFIC for subsequent years, U.S. Holders should consult their tax advisers regarding the advisability of making a "deemed sale" election that will allow them to eliminate the continuing PFIC status under certain circumstances, but may require them to recognize gain taxed under the general PFIC rules described in the preceding paragraph.

Alternatively, if we are a PFIC and if the ADSs are "regularly traded" on a "qualified exchange," a U.S. Holder of ADSs could make a mark-to-market election that will result in tax treatment different from the general tax treatment for PFICs described above. The ADSs will be treated as "regularly traded" for any calendar year in which more than a *de minimis* quantity of the ADSs are traded on a qualified exchange on at least 15 days during each calendar quarter. Nasdaq, where the ADSs are listed, is a qualified exchange for this purpose. There can be no assurance that our ADSs will continue to be listed, or be regularly traded, on the Nasdaq for any relevant period. If a U.S. Holder makes a mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the ADSs will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of ADSs in a year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess treated as capital loss). If a U.S. Holder makes the mark-to-market election, distributions paid on ADSs will be treated as discussed under "—Taxation of Distributions" below (but subject to the discussion in the immediately subsequent paragraph). If we are a PFIC for any taxable year, U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to their ADSs given that we may have Lower-tier PFICs for which a mark-to-market election may not be available.

If we are a PFIC (or with respect to a particular U.S. Holder are treated as a PFIC) for a taxable year in which we pay a dividend or the prior taxable year, dividends paid to non-corporate U.S. Holders will not qualify for a preferential tax rate.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from the tax treatment for PFICs described above.

If we are a PFIC for any taxable year during which a U.S. Holder owns any ADSs or ordinary shares, the U.S. Holder will generally be required to file annual reports with the Internal Revenue Service. U.S. Holders should consult their tax advisers regarding our PFIC status and the application of the PFIC rules to them.

Taxation of Distributions

The following is subject to the discussion regarding the PFIC rules described above.

Distributions paid on the ADSs or ordinary shares, other than certain pro rata distributions of ADSs or ordinary shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions, if any, generally will be reported to U.S. Holders as dividends. Dividends will not be eligible for any dividends-received deduction. Subject to applicable limitations, dividends paid to certain non-corporate U.S. taxpayers may in some circumstances be taxable at a preferential rate if certain conditions are met (including a minimum holding period and other requirements). However, as discussed above this preferential rate will not apply if we are a PFIC (or are treated as a PFIC with respect to a U.S. Holder under the "once a PFIC always a PFIC" rule described above) for the taxable year of distribution or the preceding taxable year. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of this favorable rate in general and in their particular circumstances.

Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's, or in the case of ADSs, the depositary's, receipt. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Dividends will be treated as foreign-source income. As described in "—People's Republic of China Taxation," dividends paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the dividend income will include any amounts withheld in respect of PRC withholding tax. Subject to applicable limitations, which vary depending upon the U.S. Holder's circumstances, PRC taxes withheld from dividend payments (at a rate not exceeding the applicable rate provided in the Treaty) generally will be creditable against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets this requirement. The Internal Revenue Service released notices that provide relief from certain of the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). In lieu of claiming a credit, a U.S. Holder may elect to deduct creditable PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all otherwise creditable foreign taxes paid or accrued in the relevant taxable year. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of any PRC income taxes in their particular circumstances.

Sale or Other Taxable Disposition of ADSs or Ordinary Shares

The following is subject to the discussion regarding the PFIC rules described above.

A U.S. Holder will generally recognize capital gain or loss on a sale or other taxable disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized on the sale or disposition and the U.S. Holder's tax basis in the ADSs or ordinary shares disposed of, in each case as determined in U.S. dollars. The gain or loss will be long-term capital gain or loss if, at the time of the sale or disposition, the U.S. Holder has owned the ADSs or ordinary shares for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders are subject to tax rates that are lower than those applicable to ordinary income. The deductibility of capital losses is subject to limitations.

As described in "—People's Republic of China Taxation," gains on the sale of ADSs or ordinary shares may be subject to PRC taxes. Under the Code, capital gains of U.S. persons are generally treated as U.S.-source income. However, a U.S. Holder that is eligible for Treaty benefits may be able to elect to treat the gain as foreign-source income under the Treaty and claim foreign tax credit in respect of any PRC tax on dispositions. Treasury regulations generally preclude a U.S. Holder from claiming a foreign tax credit with respect to PRC income taxes on gains from dispositions of ADS or ordinary shares if the U.S. Holder is not entitled to, or does not elect to apply, the benefits of the Treaty. As discussed above under " —Taxation of Distributions," the Internal Revenue Service released notices that provide relief from certain of the provisions of these Treasury regulations (including the limitation described in the preceding sentence) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). However, even if these Treasury regulations do not prohibit U.S. Holders from claiming a foreign tax credit with respect to PRC taxes on disposition gains, other limitations under the foreign tax credit rules may preclude U.S. Holders from claiming (or limit U.S. Holders' ability to claim) a foreign tax credit. If a U.S. Holder is so precluded from claiming a foreign tax credit, it is possible that any PRC taxes on disposition gains may either be deductible or reduce the amount realized on the disposition. The rules governing foreign tax credits and deductibility of foreign taxes are complex. U.S. Holders should consult their tax advisers regarding the consequences of the imposition of any PRC tax on disposition gains, including the Treaty's resourcing rule, any reporting requirements with respect to a Treaty-based return position and the creditability or deductibility of the PRC tax on disposition gains in their particular circumstances (including any applicable limitations).

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other "exempt recipient" (and establish that status if required to do so) and (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

We previously filed with the SEC registration statement on Form F-1 (File Number 333-230976), as amended, including annual report contained therein, to register additional securities that become effective immediately upon filing, to register our ordinary shares in relation to our initial public offering. We also filed with the SEC related registration statement on Form F-6 (File Number 333-232579) to register the ADSs and registration statement on Form S-8 (File Number 333-235862) to register our securities to be issued under our DouYu International Holdings Limited Amended and Restated Restricted Share Unit Scheme.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed with the SEC, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish JPMorgan Chase Bank, N.A., the depositary of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

10.I. Subsidiary information

Not applicable.

10.J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

We may invest the net proceeds we receive from the offering in interest-earning instruments. Investments in both fixed rate and floating rate interest-earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

Foreign exchange risk

Substantially all of our revenues are denominated in Renminbi. The Renminbi is not freely convertible into foreign currencies for capital account transactions. The value of the Renminbi against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. To the extent that we need to convert U.S. dollars we received from our initial public offering in July 2019 into Renminbi for our operations or capital expenditures, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

As of December 31, 2024, we had U.S. dollar-denominated cash and cash equivalents of US$92.6 million. A 10% depreciation of the U.S. dollar against the Renminbi based on the foreign exchange rate on December 29, 2024 would result in a decrease of RMB67.6 million in cash and cash equivalents. A 10% appreciation of the U.S. dollar against the Renminbi based on the foreign exchange rate on December 31, 2024 would result in an increase of RMB67.6 million in cash and cash equivalents.

Inflation risk

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2022, 2023 and 2024 were increases of 1.8%, a decrease of 0.3% and an increase of 0.1%, respectively. Although we have not in the past been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D. American Depositary Shares

Fees and Expenses

The depositary may charge, and collect from, (i) each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and (ii) each person surrendering ADSs for withdrawal of deposited securities or whose ADSs are cancelled or reduced for any other reason, a fee of up to $5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, or upon which a share distribution or elective distribution is made or offered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and other distribution prior to such deposit to pay such charge.

The following additional charges shall also be incurred by the ADR holders, the beneficial owners, by any party depositing or withdrawing shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADSs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of U.S.$0.05 or less per ADS held for any cash distribution made, or for any elective cash/stock dividend offered, pursuant to the deposit agreement;
- a fee of up to U.S.$0.05 per ADS held for the direct or indirect distribution of securities (other than ADSs or rights to purchase additional ADSs) or the net cash proceeds from the public or private sale of any such securities, regardless of whether any such distribution and/or sale is made by, for, or received from, or, in each case on behalf of, the depositary, us and/or any third party (which fee may be assessed against ADR holders as of a record date set by the depositary);
- an aggregate fee of up to U.S.$0.05 per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable at the sole discretion of the depositary by billing such ADR holder or by deducting such charge from one or more cash dividends or other cash distributions);
- an amount for the reimbursement of such charges and expenses as are incurred by the depositary and/or any of its agents (including, without limitation, the custodian, as well as charges and expenses incurred on behalf of ADR holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which charges and expenses may be assessed on a proportionate basis against ADR holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such ADR holders or by deducting such charge or expense from one or more cash dividends or other cash distributions);

- stock transfer or other taxes and other governmental charges (which are payable by ADR holders or persons depositing shares);
- a transaction fee per cancellation request (including any cancellation request made through SWIFT, facsimile transmission or any other method of communication) as disclosed on the "Disclosures" page (or successor page) of www.adr.com (as updated by the depositary from time to time, "ADR.com") and any applicable delivery expenses (which are payable by such persons or ADR holders);
- transfer or registration expenses for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities (which are payable by persons depositing shares or ADR holders withdrawing deposited securities); and
- fees of any division, branch or affiliate of the depositary utilized by the depositary to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary.

The right of the depositary to receive payment of fees, charges and expenses survives the termination of the deposit agreement, and shall extend for those fees, charges and expenses incurred prior to the effectiveness of any resignation or removal of the depositary.

The fees and charges described above may be amended from time to time by agreement between us and the depositary.

The depositary anticipates reimbursing us for certain expenses incurred by us that are related to the establishment and maintenance of the ADR program upon such terms and conditions as we and the depositary may agree from time to time. The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time.

Payments by Depositary

In 2024, excluding withholding tax, we received cash payment of US$350 thousand from JPMorgan Chase Bank, N.A., the depositary bank for our ADR program.

PART II

ITEM 13. ITEM DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

14.A. – 14.D. Material Modifications to the Rights of Security Holders

See "Item 10. Additional Information" for a description of the rights of shareholders, which remain unchanged.

14.E. Use of Proceeds

The following "Use of Proceeds" information relates to the registration statement on Form F-1 (File No. 333-230976), as amended, including the annual report contained therein, which registered 6,738,711 ordinary shares represented by ADSs and was declared effective by the SEC on July 16, 2019, for our initial public offering, which closed in July 19, 2019, at an initial offering price of US$11.50 per ADS. Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and BofA Securities, Inc. were the representatives of the underwriters.

We received an aggregate net proceeds of approximately US$489.4 million from our initial public offering.

For the period from the effective date of the registration statement on Form F-1 to December 31, 2021, our expenses incurred and paid to others in connection with the issuance and distribution of the ADSs in our initial public offering totaled approximately US$27.2 million, which included US$23.4 million for underwriting discounts and commissions and US$3.8 million for net expenses. None of the transaction expenses included direct or indirect payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates or others.

For the period from the effective date of the registration statement on Form F-1 to December 31, 2024, we used US$608.0 million of the net proceeds received from our initial public offering primarily for general corporate purposes. Subject to market conditions and management discretion, we still intend to use the remainder of the proceeds from our initial public offering as disclosed in our registration statements on Form F-1.

None of these net proceeds from our initial public offering was paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates or others.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Strategy Officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2024, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the members of our interim management committee, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. As required by Rule 13a-15(c) of the Exchange Act, our management conducted an evaluation of our company's internal control over financial reporting as of December 31, 2024 based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, Deloitte Touche Tohmatsu Certified Public Accountants LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2024, as stated in its report, which appears on page F-4 of this annual report.

Changes in Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management conducted an assessment of the effectiveness of our company's internal control over financial reporting as of December 31, 2024 based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of internal control over financial reporting as of December 31, 2024 has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm, who has also audited our consolidated financial statements for the year ended December 31, 2024.

ITEM 16. [RESERVED]

ITEM 16.A.AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Zhaoming Chen, an independent director and the chairman of our audit committee, qualifies as an "audit committee financial expert" within the meaning of the SEC rules and possesses financial sophistication within the meaning of Listing Rules of the Nasdaq Stock Market. Mr. Zhaoming Chen satisfies the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market and Rule 10A-3 under the Securities Exchange Act of 1934.

ITEM 16.B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers, and employees, including certain provisions that specifically apply to our principal executive officer, principal financial officer, principal accounting officer or controller and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as Exhibit 99.1 of our registration statement on Form F-1 (file No. 333-230976) filed with the SEC on April 22, 2019, as amended, and posted a copy of our code of business conduct and ethics on our website at https://ir.douyu.com/. We hereby undertake to provide to any person, without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person's written request.

ITEM 16.C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Auditor Fees

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP, our independent registered public accounting firm, for the periods indicated.

Services	Year Ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
		(in thousands)	
Audit Fees[1]	8,622	10,465	9,864
Audit-Related Fees[2]	—	—	—
Tax Fees(3)	—	—	—
Total	8,622	10,465	9,864

(1) "Audit fees" means the aggregate fees billed for professional services rendered by our principal auditors for the audit of our annual financial statements and the review of our comparative interim financial statements.
(2) "Audit-related fees" means the aggregate fees billed for professional services rendered by our principal accounting firm for the assurance and related services, which mainly included the audit and review of financial statements and are not reported under "Audit fees" above.
(3) "Tax fees" means the aggregate fees billed for professional services rendered by our principal accounting firm for tax compliance, tax advice and tax planning.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by Deloitte Touche Tohmatsu Certified Public Accountants LLP, including audit services, audit-related services and tax services as described above, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit.

ITEM 16.D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16.E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On December 20, 2019, our board of directors authorized a share repurchase program under which the Company may repurchase up to US$100.0 million of its ordinary shares in the form of American depositary shares during a period of up to 12 months commencing on December 20, 2019 (the "2019 Share Repurchase Program"). The 2019 Share Repurchase Program was concluded in February 2020.

On August 30, 2021, our board of directors authorized a share repurchase program under which the Company may repurchase up to US$100.0 million of its ordinary shares in the form of ADSs during a period of up to 12 months commencing on August 30, 2021, which has been concluded.

On December 29, 2023, our board of directors authorized another share repurchase program under which the Company may repurchase up to US$20 million of its ordinary shares in the form of ADSs during a period of up to 12 months commencing on January 1, 2024 (the "2024 Share Repurchase Program"). The allotment of US$20 million under the 2024 Share Repurchase Program was used in full in July 2024.

Period	Total Number of ADSs Purchased	Average Price Paid Per ADS	Total Number of ADSs Purchased as Part of the Publicly Announced Plan	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plan
January 2024	104,096	8.7668	104,096	1,280,792
February 2024	67,100	7.7542	67,100	520,304
March 2024	128,895	7.4493	128,895	960,177
April 2024	419,346	7.8784	419,346	3,303,774
May 2024	168,127	9.6304	168,127	1,619,123
June 2024	347,524	10.3445	347,524	3,594,968
July 2024	521,718	16.9220	521,718	8,828,515
Total	**1,798,806**	**9.8208**	**1,798,806**	

The Company's share repurchases may be made from time to time on the open market at prevailing market prices, in open-market transactions, privately negotiated transactions or block trades, and/or through other legally permissible means, depending on market conditions and in accordance with the applicable rules and regulations. The timing and conditions of the share repurchases will be subject to various factors including the requirements under Rule 10b-18 and Rule 10b5-1 of the Exchange Act. Our board of directors will review the share repurchase program periodically and may authorize adjustments to its terms and size or suspend or discontinue the program.

ITEM 16.F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16.G. CORPORATE GOVERNANCE

Rule 5615 of the Nasdaq Rules permits a foreign private issuer like our company to follow home country practice in certain corporate governance matters. If we choose to follow home country practice, our shareholders may be afforded less protection than they otherwise would under the Nasdaq Global Market corporate governance listing standards applicable to U.S. domestic issuers. Specifically, we do not plan to have a majority of independent directors serving on our board of directors. We also relied on our home country practice exemption to be exempt from Rule 5605(d)(2) of the Nasdaq Rules, which requires a Nasdaq-listed company to establish a compensation committee comprised entirely of independent directors and two out of three members of our compensation committee are independent directors. We relied on our home country practice exemption to be exempt from Rule 5605(e)(1) of the Nasdaq Rules, which requires a Nasdaq-listed company to nominate director nominees either by a majority independent board or by a nominations committee comprised solely of independent directors and we do not have a majority independent board or a nominations committee comprised solely of independent directors. We relied on our home country practice exemption to be exempt from Rule 5250(b)(3) of the Nasdaq Rules, which requires a Nasdaq-listed company to disclose third party director and nominee compensation no later than when the companies files its next Form 20-F. Subject to Nasdaq Rules, we may also opt to rely on additional home country practice exemptions in the future.

Rule 5635(c) of the Nasdaq Rules requires a Nasdaq-listed company to obtain its shareholders' approval of all equity compensation plans, including stock plans, and any material amendments to such plans. We elected to follow home country practice exemption and be exempt from such requirements.

In addition, we relied on home country practice exemption with respect to Rule 5620(a) of the Nasdaq Rules, which requires a Nasdaq-listed company to hold an annual meeting of Shareholders no later than one year after the end of the company's fiscal year-end and we did not hold an annual shareholders meeting in 2024. We may, however, hold annual shareholder meetings in the future if there are significant issues that require shareholders' approvals.

See "Item 3. Key Information—D. Risk Factors—Risks Related to Our American Depositary Shares—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards."

ITEM 16.H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16.I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16.J. INSIDER TRADING POLICIES

We have adopted insider trading policies governing the purchase, sale, and other disposition of our securities by directors, senior management, and employees. A copy of the insider trading policies is filed as an exhibit to this annual report.

ITEM 16.K. CYBERSECURITY

Cybersecurity Risk Management Strategy

Cybersecurity risk management is an integral part of our overall risk management program. Currently, we have implemented a comprehensive risk management process to identify, oversee, assess, and manage material risks related to cybersecurity threats. We have also devised corresponding management measures to prevent, oversee, mitigate, and rectify material cybersecurity incidents.

We have established a comprehensive cybersecurity defense system to effectively mitigate both internal and external cybersecurity risks. We employ various methods to manage cybersecurity risks and safeguard information security. These methods include, implementing technical safeguard measures, establishing and adhering to compliance procedures, implementaing vulnerability discovery and reward mechanisms, conducting real-time monitoring of our network, evaluating cybersecurity measures of third-party suppliers, maintaining a robust response mechanism for cybersecurity incidents, providing quarterly cybersecurity training for employees, and participating in cybersecurity drills organized by the local administrative department. In particular, our IT department regularly monitors the performance of our platforms, applications and infrastructure, which enables us to swiftly respond to any potential cybersecurity vulnerabilities and mitigate associated threats.

Cybersecurity Risk Management Structure

Our board of directors has overall oversight responsibility for our risk assessment and management of crises resulting from material risk events. Our audit committee is delegated to oversee our cybersecurity-related management. Supported by our internal audit and internal control departments, the audit committee receives reports concerning cybersecurity from our internal audit and internal control departments at least once a year.

The head of our research and development team is responsible for the daily supervision and management of cybersecurity risks. With near 20 years of experience in network technology, he possesses extensive knowledge and skills in cybersecurity. Departments such as the technical support department are responsible for overseeing the day-to-day operations of cybersecurity risk monitoring within our group. We have engaged qualified third parties for assessment, identification, or management of material risks from cybersecurity threats annually, subject to the requirements in connection with our Level 3 certification for Information System Security Protection since 2017.

Cybersecurity Risk Management Practice

In 2024, we have not experienced any cybersecurity incidents or cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. Additionally, we obtained a Level 3 certification for Information System Security Protection in 2017 in accordance with the standards promulagated by the Chinese Ministry of Public Security, a Level 3 certification for Communication Network Security Protection in 2022 in accordance with the standards promulagated by Chinese Ministry of Industry and Information Technology, and successfully completed annual assessments for the relevant security certifications in the subsequent years.

However, despite our abovementioned efforts, as the complexity of cybersecurity threats continues to evolve, there may still persist vulnerabilities in the cybersecurity risk prevention and network information system protection measures. Even with a meticulously crafted and implemented prevention mechanism, we may not be able to completely eliminate all risks from cybersecurity threats, including those risks caused by improper use of artificial intelligence technology by third-parties. Moreover, we may not be able to predict new type of cybersecurity threats amidst rapid technological advancements, which could result in our inability to timely implement effective preventive measures. Consequently, these potential cybersecurity incidents could introduce new risks to our business operations in the future. For more information about these risks, please see “Item 3. Key Information—3.D. Risk Factors—Risk Related to Our Business and Industry— We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cybersecurity incidents, could harm our ability to operate our business effectively.” on page 56 of this annual report.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of DouYu International Holdings Limited are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Fourth Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
2.1	Form of Registrant's Specimen American Depositary Receipt (incorporated by reference to Exhibit (a)(2) to our Post-effective Amendment No.1 to Form F-6 Registration Statement (File No. 333-232579), filed with the SEC on March 15, 2024)
2.2	Registrant's Specimen Certificate for Ordinary shares (incorporated by reference to Exhibit 4.2 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
2.3	Form of Deposit Agreement (incorporated by reference to Exhibit 4.3 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
2.4	Form of Amendment No.1 to Deposit Agreement (incorporated by reference to Exhibit (a)(2) to our Post-effective Amendment No.1 to Form F-6 Registration Statement (File No. 333-232579), filed with the SEC on March 15, 2024)
2.5	Form of Amendment No.2 to Deposit Agreement (incorporated by reference to Exhibit (a)(3) to our Post-effective Amendment No.2 to Form F-6 Registration Statement (File No. 333-232579), filed with the SEC on October 29, 2024)
2.6	Shareholders Agreement dated May 29, 2018 among the Registrant, its ordinary shareholders, preferred shareholders and other parties named therein (incorporated by reference to Exhibit 4.4 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
2.7*	Description of Securities
4.1	DouYu International Holdings Limited Amended and Restated Restricted Share Unit Scheme (incorporated by reference to Exhibit 10.1 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.2	DouYu International Holdings Limited 2019 Share Incentive Plan (incorporated by reference to Exhibit 10.2 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.3	Form of Indemnification Agreement with the Registrant's directors (incorporated by reference to Exhibit 10.3 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.4	Form of Employment Agreement between the Registrant and an executive officer of the Registrant (incorporated by reference to Exhibit 10.4 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.5	Series E Preferred Share Purchase Agreement dated March 8, 2018 among the Registrant, Nectarine Investment Limited and other parties named therein (incorporated by reference to Exhibit 10.5 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)

Exhibit Number	Description of Document
4.6	Share Purchase Agreement dated May 14, 2018 among the Registrant, SCC Growth IV 2018-D, L.P., SCC Growth IV 2018-F, L.P., Sequoia Capital Global Growth Fund II, L.P., Sequoia Capital Global Growth II Principals Fund, L.P. and other parties named therein (incorporated by reference to Exhibit 10.6 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.7†	English translation of the second amended and restated strategic cooperation framework memorandum between the respective PRC affiliated entities of the Registrant and Tencent, effective on June 4, 2024 (incorporated by reference to Exhibit 99.2 to our report of foreign issuer on Form 6-K (File No. 001-38967), furnished to the SEC on June 5, 2024
4.8	English translation of the amended share pledge agreements entered into on January 10, 2019 by and among Douyu Yule, Wuhan Douyu and Mr. Shaojie Chen, one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.8 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.9	English translation of the share pledge agreement entered into on May 8, 2018 by and among Douyu Yule, Wuhan Douyu and Mr. Wenming Zhang, one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.9 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.10	English translation of the share pledge agreement entered into on May 14, 2018 by and among Douyu Yule, Wuhan Douyu and Beijing Fengye Equity Investment Center (Limited Partnership), one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.11 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.11	English translation of the share pledge agreement entered into on May 14, 2018 by and among Douyu Yule, Wuhan Douyu and Linzhi Lichuang Information Technology co., Ltd., one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.14 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.12	English translation of the share pledge agreement entered into on May 14, 2018 by and among Douyu Yule, Wuhan Douyu and Beijing Fenghuang Fuju Investment Management Center (Limited Partnership), one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.15 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.13†	English translation of the share pledge agreement entered into on October 9, 2021 by and among Douyu Yule, Wuhan Douyu and Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership), one of the shareholders of Wuhan Douyu (incorporated herein by reference to Exhibit 4.15 to the annual report on Form 20-F (File No. 001-38967), filed with the SEC on April 29, 2022)
4.14	English translation of the share pledge agreement entered into on May 29, 2018 by and among Douyu Yule, Wuhan Ouyue and Mr. Shaojie Chen, the sole shareholder of Wuhan Ouyue (incorporated by reference to Exhibit 10.18 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.15	English translation of the amended exclusive option agreement entered into on July 25, 2020, by and among Douyu Yule, Wuhan Douyu and Mr. Shaojie Chen, one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 4.19 to our annual report on Form 20-F (File No. 001-38967) filed with the SEC on April 30, 2021)
4.16	English translation of the exclusive option agreement entered into on May 8, 2018 by and among Douyu Yule, Wuhan Douyu and Mr. Wenming Zhang, one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.20 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.17	English translation of the exclusive option agreement entered into on May 14, 2018 by and among Douyu Yule, Wuhan Douyu and Beijing Fengye Equity Investment Center (Limited Partnership), one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.22 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.18	English translation of the exclusive option agreement entered into on May 14, 2018 by and among Douyu Yule, Wuhan Douyu and Linzhi Lichuang Information Technology Co., Ltd., one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.25 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)

Exhibit Number	Description of Document
4.19	English translation of the exclusive option agreement entered into on May 14, 2018 by and among Douyu Yule, Wuhan Douyu and Beijing Fenghuang Fuju Investment Management Center (Limited Partnership), one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.26 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.20†	English translation of the exclusive option agreement entered into on October 9, 2021 by and among Douyu Yule, Wuhan Douyu and Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership), one of the shareholders of Wuhan Douyu (incorporated herein by reference to Exhibit 4.24 to the annual report on Form 20-F (File No. 001-38967), filed with the SEC on April 29, 2022)
4.21	English translation of the exclusive option agreement dated May 29, 2018 by and among Douyu Yule, Wuhan Ouyue and Mr. Shaojie Chen, the sole shareholder of Wuhan Ouyue (incorporated by reference to Exhibit 10.29 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.22	English translation of exclusive business cooperation agreement dated May 14, 2018 by and between Douyu Yule and Wuhan Douyu (incorporated by reference to Exhibit 10.30 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.23	English translation of the exclusive business operation agreement dated May 29, 2018 by and between Douyu Yule and Wuhan Ouyue (incorporated by reference to Exhibit 10.31 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.24	English translation of amended powers of attorney dated July 25, 2020, issued by Mr. Shaojie Chen, one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 4.32 to our annual report on Form 20-F (File No. 001-38967) filed with the SEC on April 30, 2021)
4.25	English translation of powers of attorney dated May 8, 2018 issued by Mr. Wenming Zhang, one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.33 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.26	English translation of powers of attorney dated May 14, 2018 issued by Beijing Fengye Equity Investment Centre (Limited Partnership), one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.35 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.27	English translation of powers of attorney dated May 14, 2018 issued by Linzhi Lichuang Information Technology Co., Ltd., one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.38 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.28	English translation of powers of attorney dated May 14, 2018 issued by Beijing Fenghuang Fuju Investment Management Center (Limited Partnership), one of the shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.39 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.29	English translation of power of attorney dated October 9, 2021 issued by Wuhan Chaosai Business Information Consulting Partnership (Limited Partnership), one of the shareholders of Wuhan Douyu (incorporated herein by reference to Exhibit 4.35 to the annual report on Form 20-F (File No. 001-38967), filed with the SEC on April 29, 2022)
4.30	English translation of powers of attorney dated May 29, 2018 issued by Mr. Shaojie Chen, the sole shareholder of Wuhan Ouyue (incorporated by reference to Exhibit 10.42 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.31	English translations of amended consent letter dated July 25, 2020, executed by the spouse of Mr. Shaojie Chen, one of the individual shareholders of Wuhan Douyu (incorporated by reference to Exhibit 4.43 to our annual report on Form 20-F (File No. 001-38967) filed with the SEC on April 30, 2021)
4.32	English translations of consent letter dated May 8, 2018 executed by the spouse of Mr. Wenming Zhang, one of the individual shareholders of Wuhan Douyu (incorporated by reference to Exhibit 10.44 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
4.33	English translations of consent letter dated May 29, 2018 executed by the spouse of Mr. Shaojie Chen, the sole shareholder of Wuhan Ouyue (incorporated by reference to Exhibit 10.46 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)

Exhibit Number	Description of Document
4.34†	English translation of License Agreement for Broadcasting League of Legends Matches between Tengjing Sports & Culture Development (Shanghai) Co., Ltd. and Wuhan Ouyue dated April 25, 2023 (incorporated by reference to Exhibit 4.41 to our annual report on Form 20-F (File No. 001-38967) filed with the SEC on April 25, 2023)
8.1*	Significant subsidiaries of the registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 to our registration statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019)
11.2*	Statement of Policy Concerning Trading in Company Securities
12.1*	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Maples and Calder (Hong Kong) LLP
15.2*	Consent of Han Kun Law Offices
15.3*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP
97.1	Compensation Recoupment Policy of the Registrant (incorporated herein by reference to Exhibit 97.1 to the annual report on Form 20-F (File No. 001-38967), filed with the SEC on April 29, 2024)
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith

† Portions of this exhibit have been omitted in reliance of the revised Item 601 of Regulation S-K.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

DouYu International Holdings Limited

By: /s/ Simin Ren
Name: Simin Ren
Title: Co-Chief Executive Officer, Director

Date: April 29, 2025

DOUYU INTERNATIONAL HOLDINGS LIMITED
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of DouYu International Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of DouYu International Holdings Limited, and its subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of comprehensive income (loss), changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes and the financial statements schedule included in Schedule I (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 29, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

Convenience Translation

Our audits also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2.6 to the consolidated financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside the People's Republic of China.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition – live streaming revenue and voice-based social networking services - Refer to Notes 2.15 to the financial statements

Critical Audit Matter Description

The Company generates live streaming revenue and voice-based social networking services revenue from sales of virtual items to users of the Company's platform which can be consumed on them. Revenue related to each of the virtual items is recognized at the point-in-time when the virtual item is consumed by paying users. Because of the nature of the Company's virtual items, the Company uses automated systems to process and record its revenue transactions. We identified live streaming revenue and voice-based social networking services revenue as a critical audit matter considering the nature of the audit evidence obtained is highly dependent on the Company's information technology ("IT") systems. This required an increased extent of effort to determine the nature, timing and extent of audit evidence required to be obtained, including the need for us to involve IT professionals and data analytics specialists to assist with the performance of certain procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures, with the assistance of our IT specialists, related to this critical audit matter included the following, among others:

- Identified the relevant systems used to process the revenue transactions related to the virtual items and tested the general IT controls over each of these systems, including testing of user access controls, change management controls, and IT operations controls.
- Tested the operating effectiveness of automated controls over revenue recognition with respect to the virtual items.
- Tested the operating effectiveness of key manual controls in the revenue recognition process.
- Performed procedures to reconcile the cash received and recorded in the payment system with the collection records of major third-party online payment channels.
- Recalculated the live streaming revenue and voice-based social networking services revenue amount recognized by utilizing computer-assisted audit techniques.
- On a sample basis, performed test of details over revenue transactions, by tracing to the payment records of users and revenue sharing distributed to the respective streamers, and evaluated the reasonableness of the percentage of revenue sharing ratio.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, the People's Republic of China

April 29, 2025

We have served as the Company's auditor since 2015.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of DouYu International Holdings Limited

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of DouYu International Holdings Limited, and its subsidiaries (the "Company") as of December 31, 2024, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2024, of the Company and our report dated April 29, 2025, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding to the convenience translation of Renminbi amounts into United States dollar amounts.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, the People's Republic of China

April 29, 2025

DOUYU INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS

	As of December 31,		
	2023	2024	
	RMB	RMB	US$ (Note 2.6)
ASSETS			
Current assets:			
Cash and cash equivalents	4,440,131,180	1,017,148,142	139,348,724
Restricted cash	—	83,387	11,424
Short-term bank deposits	1,716,540,000	3,070,374,400	420,639,568
Accounts receivable, net of allowance for credit loss of RMB20,164,070 and RMB17,725,683 as of December 31, 2023 and December 31, 2024, respectively	73,453,237	49,056,771	6,720,750
Prepayments	38,181,317	26,884,785	3,683,199
Amounts due from related parties	68,993,780	74,174,692	10,161,891
Other current assets	348,127,243	231,353,868	31,695,351
Total current assets	6,685,426,757	4,469,076,045	612,260,907
Property and equipment, net	13,807,906	7,093,429	971,796
Intangible assets, net	120,694,138	60,917,092	8,345,607
Long-term bank deposits	630,000,000	360,000,000	49,319,798
Investments (include the fair value measured investments of RMB nil and RMB76,929,667 as of December 31, 2023 and 2024, respectively)	436,197,287	456,814,694	62,583,356
Right-of-use assets	22,792,474	15,816,035	2,166,788
Other non-current assets	163,184,267	76,615,919	10,496,339
TOTAL ASSETS	8,072,102,829	5,446,333,214	746,144,591
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities: (include amounts of the consolidated VIEs without recourse to DouYu International Holdings Limited. See Note 2.2)			
Accounts payable	534,427,672	498,667,437	68,317,160
Advances from customers	12,910,965	4,443,895	608,811
Deferred revenue	315,969,307	252,346,104	34,571,275
Accrued expenses and other current liabilities	246,601,339	242,517,101	33,224,707
Amounts due to related parties	251,392,026	222,588,850	30,494,547
Lease liabilities due within one year	14,767,840	11,457,877	1,569,723
Total current liabilities	1,376,069,149	1,232,021,264	168,786,223
Lease liabilities	6,700,694	4,222,724	578,511
TOTAL LIABILITIES	1,382,769,843	1,236,243,988	169,364,734
Commitments and contingencies (Note 20)			
SHAREHOLDERS' EQUITY			
Ordinary shares (US$0.0001 par value, 500,000,000 and 500,000,000 shares authorized, 34,538,226 and 30,178,859 shares issued and 31,977,665 and 30,178,859 shares outstanding as of December 31, 2023 and 2024, respectively)	23,336	20,360	2,789
Treasury shares (2,560,561 ordinary shares and nil ordinary shares as of December 31, 2023 and 2024)	(911,217,013)	—	—
Additional paid-in capital	10,670,286,906	7,514,498,337	1,029,482,050
Accumulated deficit	(3,485,007,183)	(3,791,817,469)	(519,476,864)
Accumulated other comprehensive income	415,246,940	487,387,998	66,771,882
Total DouYu International Holdings Limited Shareholders' equity	6,689,332,986	4,210,089,226	576,779,857
Total Shareholders' equity	6,689,332,986	4,210,089,226	576,779,857
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,072,102,829	5,446,333,214	746,144,591

The accompanying notes are an integral part of these consolidated financial statements.

DOUYU INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Years ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US$ (Note 2.6)
Net revenues (include related party revenues of RMB20,394,478, RMB62,849,416 and RMB48,935,143 for the years ended December 31, 2022, 2023 and 2024, respectively)	7,108,238,352	5,530,404,557	4,270,825,456	585,100,688
Cost of revenues (include related party cost of revenues of RMB579,737,454, RMB667,324,933 and RMB485,973,979 for the years ended December 31, 2022, 2023 and 2024, respectively)	(6,118,128,300)	(4,846,371,264)	(3,946,992,974)	(540,735,820)
Gross profit	990,110,052	684,033,293	323,832,482	44,364,868
Operating (expense) income:				
Sales and marketing expenses	(639,870,865)	(351,726,623)	(311,140,438)	(42,626,065)
General and administrative expenses	(288,241,624)	(237,755,845)	(204,428,800)	(28,006,631)
Research and development expenses	(383,091,118)	(276,935,538)	(181,676,080)	(24,889,521)
Other operating income (expenses), net	122,213,830	32,314,541	(200,174,118)	(27,423,742)
Impairment of goodwill	—	(13,966,789)	—	—
Total operating expenses	(1,188,989,777)	(848,070,254)	(897,419,436)	(122,945,959)
Loss from operations	(198,879,725)	(164,036,961)	(573,586,954)	(78,581,091)
Other (expenses) income, net	(80,301,141)	(52,873,716)	21,898,241	3,000,047
Interest income	129,857,831	284,982,128	263,052,300	36,038,017
Foreign exchange gain, net	—	125,893	1,233,807	169,031
(Loss) income before income taxes and share of income (loss) in equity method investments	**(149,323,035)**	**68,197,344**	**(287,402,606)**	**(39,373,996)**
Income tax expense	(3,487,038)	(1,068,958)	(15,406,551)	(2,110,689)
Share of income (loss) in equity method investments	62,395,476	(31,610,752)	(4,001,129)	(548,152)
Net (loss) income	**(90,414,597)**	**35,517,634**	**(306,810,286)**	**(42,032,837)**
Net loss attributable to noncontrolling interest	14,992,189	—	—	—
Net (loss) income attributable to ordinary shareholders of the Company	**(75,422,408)**	**35,517,634**	**(306,810,286)**	**(42,032,837)**
Net (loss) income per ordinary share attributable to ordinary shareholders				
Basic	(2.36)	1.11	(9.95)	(1.36)
Diluted	(2.36)	1.11	(9.95)	(1.36)
Net (loss) income per ADS*				
Basic	(2.36)	1.11	(9.95)	(1.36)
Diluted	(2.36)	1.11	(9.95)	(1.36)
Weighted average shares used in calculating net (loss) income per ordinary share				
Basic	31,971,245	31,977,665	30,832,271	30,832,271
Diluted	31,971,245	31,977,665	30,832,271	30,832,271
Weighted average number of ADS used in calculating net (loss) income per ADS				
Basic	31,971,245	31,977,665	30,832,271	30,832,271
Diluted	31,971,245	31,977,665	30,832,271	30,832,271
Net (loss) income	**(90,414,597)**	**35,517,634**	**(306,810,286)**	**(42,032,837)**
Other comprehensive income, net of tax of nil:				
Foreign currency translation adjustments	434,612,446	93,256,170	72,141,058	9,883,284
Comprehensive income (loss)	344,197,849	128,773,804	(234,669,228)	(32,149,553)
Comprehensive loss attributable to noncontrolling interest	14,992,189	—	—	—
Comprehensive income (loss) attributable to the ordinary shareholders	359,190,038	128,773,804	(234,669,228)	(32,149,553)

* One American depository share ("ADS") represents one ordinary share, giving retroactively effect to the ADS split for all period presented.

The accompanying notes are an integral part of these consolidated financial statements.

DOUYU INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Ordinary shares		Treasury shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive (loss)/income	Total shareholders' equity attributable to DouYu	Noncontrolling interests	Total shareholders' equity
	Number of shares	RMB	Number of shares	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at December 31, 2021	**34,136,627**	**23,043**	**(1,755,803)**	**(802,249,761)**	**10,618,537,927**	**(3,445,102,409)**	**(112,621,676)**	**6,258,587,124**	**988**	**6,258,588,112**
Repurchase of ordinary shares (Note 12)	—	—	(804,758)	(108,967,252)	—	—	—	(108,967,252)	—	(108,967,252)
Additional capital contribution in DouYu Japan (Note 13)	—	—	—	—	(14,992,166)	—	—	(14,992,166)	14,992,166	—
Net loss	—	—	—	—	—	(75,422,408)	—	(75,422,408)	(14,992,189)	(90,414,597)
Shared-based compensation	—	—	—	—	66,741,438	—	—	66,741,438	—	66,741,438
Vesting of restricted share units	401,599	293	—	—	(293)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—	434,612,446	434,612,446	—	434,612,446
Balance at December 31, 2022	**34,538,226**	**23,336**	**(2,560,561)**	**(911,217,013)**	**10,670,286,906**	**(3,520,524,817)**	**321,990,770**	**6,560,559,182**	**965**	**6,560,560,147**
Net income	—	—	—	—	—	35,517,634	—	35,517,634	—	35,517,634
Foreign currency translation adjustments	—	—	—	—	—	—	93,256,170	93,256,170	—	93,256,170
NCI derecognized due to cancellation of one subsidiary	—	—	—	—	—	—	—	—	(965)	(965)
Balance at December 31, 2023	**34,538,226**	**23,336**	**(2,560,561)**	**(911,217,013)**	**10,670,286,906**	**(3,485,007,183)**	**415,246,940**	**6,689,332,986**	—	**6,689,332,986**
Net loss	—	—	—	—	—	(306,810,286)	—	(306,810,286)	—	(306,810,286)
Foreign currency translation adjustments	—	—	—	—	—	—	72,141,058	72,141,058	—	72,141,058
Repurchase of ordinary shares	—	—	(1,798,806)	(143,109,040)	—	—	—	(143,109,040)	—	(143,109,040)
Dividend to shareholders	—	—	—	—	(2,101,465,492)	—	—	(2,101,465,492)	—	(2,101,465,492)
Cancellation of shares	(4,359,367)	(2,976)	4,359,367	1,054,326,053	(1,054,323,077)	—	—	—	—	—
Balance at December 31, 2024	**30,178,859**	**20,360**	—	—	**7,514,498,337**	**(3,791,817,469)**	**487,387,998**	**4,210,089,226**	—	**4,210,089,226**

The accompanying notes are an integral part of these consolidated financial statements.

DOUYU INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US$ (Note 2.6)
Cash flows from operating activities:				
Net (loss) income	(90,414,597)	35,517,634	(306,810,286)	(42,032,837)
Adjustments to reconcile net (loss) income to net cash used in operating activities:				
Depreciation of property and equipment	11,843,695	6,014,868	6,285,907	861,166
Amortization of intangible assets	75,650,610	90,827,064	56,322,409	7,716,138
Operating lease expenses	40,033,943	24,187,908	14,501,864	1,986,747
Loss from the disposal of property and equipment	1,511,049	2,187,446	528,257	72,371
(Reversal) provision for allowance for credit losses	(4,970,827)	11,809,161	(1,944,636)	(266,414)
Share of (income) loss in equity method investments	(62,395,476)	31,610,752	4,001,129	548,152
Fair value change in long-term investments	—	—	(40,628,028)	(5,566,017)
Impairment losses on investments	78,462,371	58,005,769	19,689,373	2,697,433
Impairment losses on other assets	—	12,755,822	13,742,897	1,882,769
Share-based compensation	66,741,438	—	—	—
Impairment of goodwill and intangible assets	—	13,966,789	61,679,245	8,450,022
Gain from disposal of investment in equity investees	—	(5,132,053)	—	—
Foreign exchange gain	—	(125,893)	(1,233,807)	(169,031)
Changes in operating assets and liabilities:				
Accounts receivable	87,178,982	23,927,442	26,341,103	3,608,716
Prepayments	54,652,740	(10,364,572)	15,898,495	2,178,086
Other current assets	39,362,970	(16,200,082)	77,417,243	10,606,119
Other non-current assets	(32,173,299)	(52,099,252)	(15,542,056)	(2,129,253)
Amounts due from related parties	1,033,302	(32,868,136)	(5,180,912)	(709,782)
Accounts payable	(157,142,986)	(132,440,692)	(44,723,288)	(6,127,066)
Advances from customers	(4,224,318)	9,659,281	(8,467,070)	(1,159,985)
Accrued expenses and other current liabilities	(155,526,435)	(56,200,218)	(4,980,465)	(682,321)
Amounts due to related parties	(26,720,244)	(61,150,253)	(28,803,176)	(3,946,019)
Deferred revenue	41,543,702	21,246,496	(63,623,203)	(8,716,342)
Lease liabilities	(32,280,025)	(22,822,500)	(13,322,931)	(1,825,234)
Net cash used in operating activities	(67,833,405)	(47,687,219)	(238,851,936)	(32,722,582)
Cash flows from investing activities:				
Proceeds on disposal of property and equipment	360,935	103,155	976,059	133,720
Purchases of property and equipment	(5,895,746)	(5,156,302)	(709,859)	(97,251)
Purchases of intangible assets	(18,270,215)	(11,146,423)	(12,411,832)	(1,700,414)
Purchases of short-term bank deposits	(2,415,288,000)	(1,778,550,000)	(2,990,374,400)	(409,679,613)
Purchases of long-term bank deposits	(220,000,000)	(760,000,000)	—	—
Proceeds from disposal of short-term bank deposits	2,104,283,000	2,868,625,000	1,757,680,000	240,801,173
Proceeds from disposal of long-term bank deposits	—	80,000,000	170,000,000	23,289,905
Proceeds from disposal of and return of investments	4,333,627	10,309,198	347,304	47,580
Payments for acquisitions of equity investments	(48,141,000)	—	—	—
Loan to related parties	(10,000,000)	—	—	—
Repayment of loan from related parties	—	10,000,000	—	—
Cash (used in) provided by investing activities	(608,617,399)	414,184,628	(1,074,492,728)	(147,204,900)
Cash flows from financing activities				
Return of capital to non-controlling interests	—	(965)	—	—
Dividend distributed to shareholders	—	—	(2,101,465,492)	(287,899,592)
Repurchase of ordinary shares	(108,967,252)	—	(105,509,037)	(14,454,679)
Cash used in financing activities	(108,967,252)	(965)	(2,206,974,529)	(302,354,271)
Effect of foreign exchange rate changes on cash and cash equivalents	365,968,962	94,834,375	48,740,158	6,677,375
Net (decrease) increase in cash, cash equivalents and restricted cash	(419,449,094)	461,330,819	(3,471,579,035)	(475,604,378)
Cash, cash equivalent and restricted cash at the beginning of the year	4,467,108,593	4,047,659,499	4,508,990,318	617,729,141
Cash, cash equivalent and restricted cash at the end of the year	4,047,659,499	4,508,990,318	1,037,411,283	142,124,763
Supplemental disclosure of cash flow information:				
Income tax paid	2,452,965	436,767	10,285,869	1,409,158
Supplemental disclosure on non-cash investing and financing activities:				
Accrued purchases of property and equipment	1,966,037	13,826	—	—
Accrued purchases of intangible assets	—	45,754,717	896,226	122,783

The following table provides a reconciliation of cash and cash equivalents, restricted cash and restricted cash included in other non-current assets reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

DOUYU INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	As of December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Cash and cash equivalents	4,041,602,800	4,440,131,180	1,017,148,142
Restricted cash	6,056,699	—	83,387
Restricted cash included in other non-current assets	—	68,859,138	20,179,754
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	4,047,659,499	4,508,990,318	1,037,411,283

The restricted cash included in other non-current assets consisted of bank deposits frozen by PRC local authorities, which the Group determined that such restriction on withdrawal will not be released within one year.

The accompanying notes are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1. Organization and principal activities

DouYu International Holdings Limited (the "Company" or "DouYu International") was incorporated under the laws of Cayman Islands on January 5, 2018. The Company, its subsidiaries and the variable interest entities("the VIEs") and the VIEs' subsidiaries (collectively referred to as the "Group") operate platform on PC and mobile apps, through which users can enjoy immersive and interactive gaming and entertainment live streaming.

As of December 31, 2024, the Company's principal subsidiaries, VIEs and VIE's subsidiaries are as follows:

	Date of incorporation/ establishment	Place of incorporation/ establishment	Percentage of direct/indirect ownership
Wholly owned subsidiaries			
Wuhan Douyu Culture Network Technology Co., Ltd. ("Douyu Yule")	April 2, 2018	Wuhan	100 %
DouYu Network Inc.	January 12, 2018	The British Virgin Islands	100 %
Douyu Hongkong Limited	January 24, 2018	Hong Kong	100 %
Gogo Glocal Holding Limited ("Gogo Glocal")	October 8, 2018	Cayman	100 %
Betta Fish Inc.	July 10, 2019	The British Virgin Islands	100 %
VIEs			
Wuhan Douyu Internet Technology Co., Ltd. ("Wuhan Douyu")	May 8, 2015	Wuhan	100 %
Wuhan Ouyue Online TV Co., Ltd. ("Wuhan Ouyue")	February 3, 2016	Wuhan	100 %
VIEs' subsidiaries			
Wuhan Yu Leyou Internet Technology Co., Ltd.	November 9, 2016	Wuhan	100 %

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies

2.1 Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

2.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIEs and VIEs' subsidiaries. All inter-company transactions and balances have been eliminated.

The Company, through its wholly-owned foreign invested subsidiary, WFOE in the PRC, entered into a series of contractual arrangements ("VIE agreements") with Wuhan Douyu and Wuhan Ouyue (collectively known as "the VIEs") and their respective shareholders that enable the Company to (1) have power to direct the activities that most significantly affects the economic performance of the VIEs, and (2) absorb losses or receive benefits from the VIEs that could potentially be significant to the VIEs.

Applicable PRC laws and regulations currently limit foreign ownership of companies that provide internet valued-added businesses. The Company is deemed a foreign legal person under PRC laws and accordingly subsidiaries owned by the Company are not eligible to engage in provisions of internet content or online services. The Group therefore operates its business, primarily through the VIEs and the subsidiaries of the VIEs.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.2 Basis of Consolidation (continued)

If the PRC government finds that the Company's contractual arrangements do not comply with its restrictions on foreign investment in the value-added telecommunication services, or if the PRC government otherwise finds that the Company's or the VIEs are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate its business, the relevant PRC regulatory authorities, including the MIIT and SAMR, would have discretion in dealing with such violations or failures in accordance with applicable laws, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- discontinuing or placing restrictions or onerous conditions on the Company's operation through any transactions between our PRC subsidiaries and the VIEs;
- imposing fines, confiscating the income from the Company's PRC subsidiaries or the VIEs, or imposing other requirements with which the Company or the VIEs may not be able to comply; or
- requiring the Company to restructure our ownership structure or operations, including terminating the contractual arrangements with the VIEs and deregistering the equity pledges of the VIEs, which in turn would affect our ability to consolidate or derive economic interests from the VIEs.

Any of these actions could cause significant disruptions to the Company's business operations and severely damage the Company's reputation, which would in turn materially and adversely affect the Company's business, financial condition and results of operations.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.2 Basis of Consolidation (Continued)

The following financial statement amounts and balances of the VIEs were included in the accompanying consolidated financial statements after elimination of inter-VIE group transactions and balances:

	As of December 31,	
	2023	2024
	RMB	RMB
ASSETS		
Cash and cash equivalents	296,436,625	339,495,145
Restricted cash	—	83,387
Short-term bank deposits	300,000,000	80,000,000
Accounts receivable, net	67,047,505	48,706,963
Prepayments	37,098,798	26,353,088
Amounts due from related parties	68,876,780	74,116,192
Other current assets	187,494,652	175,835,175
Property and equipment, net	6,411,258	3,088,802
Long-term bank deposits	330,000,000	160,000,000
Intangible assets, net	117,532,794	59,542,225
Right-of-use assets	10,343,953	12,891,088
Investments	204,774,779	193,677,231
Other non-current assets	149,706,686	63,013,382
Total Assets	1,775,723,830	1,236,802,678
LIABILITIES		
Accounts payable	458,427,202	436,642,460
Advances from customers	12,899,984	4,412,848
Deferred revenue	299,993,895	251,591,800
Accrued expenses and other current liabilities	116,262,804	117,124,157
Amounts due to related parties	249,288,032	220,194,409
Lease liabilities	8,779,089	12,649,480
Total Liabilities	1,145,651,006	1,042,615,154

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Net revenue	7,022,078,865	5,459,630,803	4,234,608,729
Net loss	(9,846,803)	(49,971,489)	(266,581,526)

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.2 Basis of Consolidation(Continued)

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Net cash provided by (used in) operating activities	78,293,695	(180,359,213)	(385,060,569)
Net cash provided by investing activities	142,920,773	55,516,731	380,148,093
Net cash used in financing activities	—	(965)	—

The WFOE is entitled to receive substantially all of the net income and transfer a majority of the economic benefits in the form of service fees from the VIEs. The inter-company service fees charged by WFOE were RMB448,789,468, RMB354,509,123 and RMB198,006,640 for the years ended December 31, 2022, 2023 and 2024, respectively. The amounts due to WFOE were RMB3,311,310,263 and RMB1,691,181,872 as of December 31, 2023 and 2024, respectively. These inter-company transactions and balances were eliminated in the consolidated financial statements.

The VIEs contributed approximately 99%, 99%, and 99% of the Group's consolidated revenue for the years ended December 31, 2022, 2023 and 2024, respectively. As of December 31, 2023 and 2024, the VIEs accounted for an aggregate of 22% and 23% of the consolidated total assets and 83% and 84% of the consolidated total liabilities.

There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Company or its subsidiaries to provide financial support to the VIEs. However, if the VIEs were ever to need financial support, the Group may provide financial support to the VIEs through loans to the shareholders of the VIEs or entrustment loans to the VIEs.

The Group believes that there are no assets held in the VIEs that can be used only to settle obligations of the VIEs. As the VIEs are incorporated as limited liability companies under the PRC Company Law, creditors of the VIEs do not have recourse to the general credit of the Company for any of the liabilities of the VIEs. Relevant PRC laws and regulations restrict the VIEs from transferring a portion of their net assets, equivalent to the balance of its statutory reserve and its registered capital, to the Company in the form of loans and advances or cash dividends.

2.3 Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ materially from such estimates. Significant accounting estimates reflected in the Group's consolidated financial statements include revenue recognition, share-based compensation, realization of deferred tax assets, impairment of prepayment and other non-current assets, impairment of investment, impairment of goodwill and intangible assets, and allowance for credit loss.

2. Summary of significant accounting policies (Continued)

2.4 Fair value measurements

The Group applies a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. This guidance specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. The hierarchy is as follows:

Level 1 — Valuation techniques in which all significant inputs are unadjusted quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.

Level 2 — Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices for assets or liabilities that are identical or similar to the assets or liabilities being measured from markets that are not active. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 valuation techniques.

Level 3 — Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect the Group's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Group's short-term financial instruments include cash and cash equivalents, short-term bank deposits, receivables, payables, other current assets, amounts due from related parties, other current liabilities and amounts due to related parties. The carrying amounts of these short-term financial instruments approximate their fair values due to the short-term maturity of these instruments. The carrying amounts of the long-term bank deposits approximate their fair values as the interest rates are comparable to the prevailing interest rates in the market. The fair value of equity investments without readily determinable fair values cannot be reasonably estimated without undue costs.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates. The following table presents the Group's assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

As of December 31,	Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
		RMB	RMB	RMB
2024	Investment in equity investees	76,929,667	76,929,667	—

Certain assets have been measured at fair value on a nonrecurring basis, using significant unobservable inputs (Level 3). The following table presents the nonrecurring losses recognized for the years ended December 31, 2023 and 2024, respectively, due to long-lived asset impairment, and the fair value and asset classification of the related assets as of the impairment date:

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.4 Fair value measurements (Continued)

As of December 31,2023

Description	Fair Value	Total Losses
	RMB	RMB
Goodwill	—	13,966,789
Equity method investments	143,955,394	29,123,511
Equity investments without readily determinable fair value	—	58,005,769
Total	**143,955,394**	**101,096,069**

As of December 31,2024

Description	Fair Value	Total Losses
	RMB	RMB
Equity method investments	—	7,085,156
Equity investments without readily determinable fair value	—	19,689,373
Intangible assets, net – agency contract rights	—	61,679,245
Other non-current assets - prepayments	—	13,793,447
Total	—	**102,247,221**

Investments were primarily valued using the market approach (i.e. market multiples derived from a set of comparable companies). The fair value of goodwill is determined by using discounted cashflow method associated with the underlying assets, such as current economic condition, management forecasts, etc.

2.5 Foreign currency translation

The functional currency of the Company and Douyu Hongkong Limited are in US dollars (“US$”). The functional currency of the Group’s subsidiaries and VIEs in the PRC is Renminbi (“RMB”). The functional currency of DouYu Japan is Japanese Yen (“JPY”).

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency are measured and recorded in the functional currency at the exchange rate prevailing on the transaction date. Translation gains and losses are recognized in the consolidated statements of comprehensive income (loss).

The Group’s reporting currency is RMB. For entities within the Group that have a functional currency other than the reporting currency, assets and liabilities are translated from each entity’s functional currency to the reporting currency at the exchange rates in effect on the balance sheet date. Equity amounts are translated at historical exchange rates. Revenues, expenses, gains and losses are translated using the average rates for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a component of other comprehensive income in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in shareholders’ equity.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.6 Convenience Translation into United States Dollars

Translations of balances in the consolidated balance sheets, consolidated statements of comprehensive income and consolidated statements of cash flows from RMB into United States dollars are solely for the convenience of the reader and were calculated at the rate of US$1.00 = RMB7.2993 on December 31, 2024 as set forth in H.10 statistical release of the Federal Reserve Board. The translation is not intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into United States dollars at that rate on December 31, 2024, or at any other rate.

2.7 Cash and cash equivalents

Cash and cash equivalents primarily consist of cash on hand and highly liquid investments, which are unrestricted as to withdrawal and use.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.8 Short-term and long-term bank deposits

The Group holds fixed term certificates of deposit. Certificate of deposits with original maturities between three months to one year are classified as short-term bank deposits and fixed term certificates of deposit with maturities beyond one year are classified as long-term bank deposits.

2.9 Accounts receivable, net of allowance for credit loss

Accounts receivable, net are stated at the historical carrying amount net of allowance for credit loss. The Group has developed a CECL model based on historical experience, the age of the accounts receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers.

2.10 Property and equipment, net

Property and equipment are recorded at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Computer and transmission equipment	3 years
Leasehold improvements	Over the shorter of the lease term or expected useful lives
Furniture and office equipment	5 years
Motor vehicles	5 years

Gains and losses from disposals of property and equipment are included in other operating income or expense in the consolidated statements of comprehensive income (loss).

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.11 Intangible assets, net

Intangible assets are recorded at the cost to acquire these assets less accumulated amortization and impairment. Amortization of finite-lived intangible assets is computed using the straight-line method over their estimated useful lives. License for Online Transmission of Audio/Video Programs is determined to have an infinite useful life and is not subject to amortization, as such license is renewable every three years and can be renewed indefinitely.

Agency contract rights	Over the contract period
License for Online Transmission of Audio/Video Programs (1)	Infinite life
Software	3 - 5 years
Licensed copyrights of content	1 - 3 years
Others	3 - 10 years

(1) The license permits the Group in the provision of online streaming of video on its platforms. The license is renewable every 3 years and may be renewed indefinitely. The Group has renewed this license in March 2024 which remains valid until March 2027, and intends to renew the license indefinitely.

2.12 Goodwill

Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group's annual testing date is December 31.

In accordance with ASU 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment ("ASU 2017-04") issued by the Financial Accounting Standards Board ("FASB") guidance on testing of goodwill for impairment, the Group first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. If the carrying amount of each reporting unit exceeds its fair value, an impairment loss equal to the difference between the fair value of the reporting unit and its carrying amount will be recorded.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.13 Impairment of long-lived assets and intangible assets

The Group evaluates its long-lived assets including intangible assets with finite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Group measures impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss equal to the difference between the carrying amount and fair value of these assets.

The Group evaluates intangible asset that is not subject to amortization for impairment annually and more frequently if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group conducts quantitative impairment test for intangible asset and compares of the fair value of the asset with its carrying amount. The Group recognizes impairment loss in other operating income (expenses), net, on the amount by which the carrying value exceeds the fair value of the asset. After an impairment loss is recognized, the Group uses adjusted carrying amount of the long-lived assets and intangible asset as its new accounting basis.

2.14 Long-term investments

Equity method investments

The Group accounts for its equity investments over which it has significant influence but does not own a majority equity interest or otherwise control using the equity method. The Group adjusts the carrying amount of the investments by recognizing investment income or loss for share of the earnings or loss of the investee after the date of investment, as well as any impairment loss.

The Group assesses its equity method investments for impairment by considering factors including, but not limited to, financial performance and operating performance of the entities, including current earnings and undiscounted cash flows, and other entity-specific information. The fair value determination, particularly for investments in privately-held entities, requires judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and determination of whether any identified impairment is other-than-temporary. If the decline in the fair value is deemed to be other-than-temporary, the carrying value of the equity method investment is written down to fair value. The Group recorded impairment loss of RMB nil, RMB29,123,511 and RMB7,085,156, respectively, in share of income (loss) in equity method investments, net for the years ended December 31, 2022, 2023 and 2024, respectively.

Investment in equity investees

The Group measures its investment in equity investees that have readily determinable fair values at fair value, with gains and losses from fair value changes recognized as other (expenses) income, net in the consolidated statements of comprehensive income (loss). The Group recognized fair value changes on investments based on observable stock trading prices in active markets of RMB nil, RMB nil and RMB40,628,028 for the years ended December 31, 2022, 2023 and 2024, respectively.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.14 Long-term investments (Continued)

Equity securities without readily determinable fair value

The Group's investment in equity securities comprise of investment in privately-held companies.

On January 1, 2019, the Group adopted ASC Topic 321, *Investments—Equity Securities* ("ASC 321") and elected to measure these investments at cost minus impairment, if any, adjusted up or down for observable price changes in orderly transactions for the identical or similar investment of the same issuer. Any adjustment to the carrying amount is recorded in other expense, net. The Group also makes qualitative assessment at each reporting period and if the assessment indicates that the fair value of the investment is less than the carrying value, the investment in equity securities will be written down to its fair value, with the difference between the fair value of the investment and its carrying amount recorded as impairment loss.

For years ended December 31, 2022, 2023 and 2024, the Group recorded impairment loss of RMB78,462,371, RMB58,005,769 and RMB19,689,373 in other expenses, net, respectively.

2.15 Revenue recognition

Revenues are recognized when control of promised goods or services is transferred to the Group's customers in an amount of consideration to which the Group expects to be entitled to in exchange for those goods or services. The Group follows the five steps approach for revenue recognition under Topic 606: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the Group satisfies a performance obligation.

The following table disaggregates the Group's revenue by major type of services for the years ended December 31, 2022, 2023 and 2024:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Live streaming	6,797,326,921	4,799,005,778	3,073,920,690
Innovative business	—	—	1,015,882,444
Advertisement and other revenue	310,911,431	731,398,779	181,022,322
Total	7,108,238,352	5,530,404,557	4,270,825,456

Live streaming

The Group is principally engaged in operating its own live streaming platforms, which enable streamers and users to interact with each other during live streaming. The users have the option to purchase virtual currency, which is non-refundable and can only be used to redeem for virtual items to be used in the live streaming sessions on the Group's platforms. Unredeemed virtual currency is recorded as deferred revenue. Virtual currencies used to purchase virtual items are recognized as revenue according to the prescribed revenue recognition policies of virtual items addressed below. Virtual items are categorized as consumable and time-based items. Consumable items consist of virtual gifts presented from the users to the streamers to show their support, and are consumed immediately upon redemption and time-based items consist of monthly premium subscription services.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.15 Revenue recognition (Continued)

The Group has evaluated and determined that it is the principal and views the users to be its customers. Specifically, the Group controls the virtual items before they are transferred to users. Its control is evidenced by the Group's sole ability to monetize the virtual items before they are transferred to users, and is further supported by the Group being primarily responsible to the users for the delivery of the virtual items as well as having full discretion in establishing pricing for the virtual items. Accordingly, the Group reports its live streaming revenue on a gross basis with amounts billed to users for the virtual items recorded as revenues and the revenue sharing fee paid to streamers or talent agencies recorded as cost of revenues. Sales proceeds are initially recorded as deferred revenue and recognized as revenue based on the consumption of the virtual items. The Group has determined that the virtual items represent one performance obligation in the live streaming service. Revenue related to each of the consumable items is recognized at the point in time when the virtual gifts is transferred directly to the streamers and consumed by them, while revenue related to time-based items is recognized ratably over a fixed period on a straight-line basis. Although some virtual items have expiry dates, the Group considers that the impact of breakage for the virtual items is insignificant as historical data shows that virtual items are consumed shortly after they are released to users and the forfeiture rate remains relatively low for the periods presented. The Group does not have further performance obligations to the user after the virtual items are consumed.

Virtual items can be sold individually or bundled into one arrangement. When the Group's users purchase multiple virtual items bundled within the same arrangement, the Group allocates the total consideration to each distinct virtual item based on their relative standalone selling prices. In instances where standalone selling price is not directly observable as the Group does not sell the virtual items separately, the Group determines the standalone selling price based on pricing strategies, market factors and strategic objectives. The Group recognizes revenue for each of the distinct virtual item in accordance with the revenue recognition method discussed above unless otherwise stated.

Innovative business

The Group generates innovative business revenues from its voice-based social networking services and game-specific membership services. The Group has started to engage in operating its voice-based live streaming app since March 2023. The Group has evaluated and determined that it is the principal and views the users to be its customers. Users can buy non-refundable virtual currency to redeem for consumable gifts or time-based subscriptions to achieve interaction with the streamers. The Group reports its revenue from voice-based social networking services on a gross basis with amounts billed to users for the virtual items recorded as revenues and the revenue sharing fee paid to streamers or talent agencies recorded as cost of revenues. Sales proceeds are initially recorded as deferred revenue and recognized as revenue based on the consumption of the virtual items. The Group has determined that the virtual items represent one performance obligation in the voice-based social networking service. Revenue related to each of the consumable items is recognized at the point in time when the virtual gifts is transferred directly to the streamers and consumed by them, while revenue related to time-based items is recognized ratably over a fixed period on a straight-line basis.

Regarding the revenues from game-specific membership services, the Group sets separate game-membership page on its live streaming platforms. Users can purchase memberships rights on the page and get rewarding membership points, the revenue generated from membership purchasing behavior will be allocated between the membership rights and points. From then on, users have the rights to get points through purchasing membership-only gifts. The Group recognizes revenue over the period of membership rights. The transaction price allocated to the points will be deferred until the users redeem the points for the virtual goods for consumption or points expired. The Group determined that it is the principal in the game-specific membership services.

Considering the scale of revenue generated from innovative business, the Group has decided to disclose separately since the second quarter of 2024, and previously, it was recorded and disclosed in other revenue with the amount of RMB69,733,777 and RMB378,358,519 in 2022 and 2023, respectively.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.15 Revenue recognition (Continued)

Advertisement and other revenue

Advertisement and other revenue mainly consist of revenue generated from advertisement and game distribution revenue. With respect to advertisement revenues, the Group generates revenues from rendering of advertisement services and provision of promotion campaigns on the live streaming platforms by way of advertisement display or integrated promotion activities in shows and programs on the live streaming platforms. The Group determined that it is the principal in the advertisement service. Advertisement revenues are recognized over the contract period of display and net of sales incentives provided to the advertisers or advertisement agencies based on purchase volume.

With respect to game distribution revenue, online games developed by third party game developers are displayed through the Group's platforms to attract users to download and play the games. The Group earns revenues from game developers in accordance with the pre-determined arrangements based on the in-game purchase amounts for the games downloaded or played through the Group's platforms. The Group considers itself as agent in these arrangements. Game distribution revenue is recognized at a point in time when the purchase in game is made.

Practical expedients and exemptions

The Group's contracts have an original duration of one year or less. Accordingly, the Group does not disclose the value of unsatisfied performance obligations.

Contract balances

Contract balances include accounts receivable, advances from customers and deferred revenue. Accounts receivable represent cash due from third-party application stores as well as from advertising customers and are recorded when the right to consideration is unconditional. The allowance for credit loss reflects the best estimate of probable losses inherent to the accounts receivable balance. Advances from customers primarily represent cash received from the Group's advertisement customers. Deferred revenue primarily includes cash received from paying users related to the Group's live streaming service. Deferred revenue is recognized as revenue when all of the revenue recognition criteria have been met or over the estimated service period. Revenue recognized in 2024 that was included in the deferred revenue balance as of January 1, 2024 was RMB307,841,304, which consists primarily of virtual items consumption. Due to the generally short-term duration of the Group's contracts, the balances of deferred revenue and advances from customers as of December 31, 2024 will be recognized as revenue within one year.

	Accounts receivable	Advances from customers	Deferred revenue
	RMB	RMB	RMB
Ending Balance as of January 1, 2023	109,180,373	3,251,684	275,011,206
(Decrease) Increase, net	(35,727,136)	9,659,281	32,830,098
Ending Balance as of December 31, 2023	73,453,237	12,910,965	307,841,304
(Decrease) Increase, net	(24,396,466)	(8,467,070)	(56,249,504)
Ending Balance as of December 31, 2024	49,056,771	4,443,895	251,591,800

2.16 Cost of revenues

Amounts recorded as cost of revenues relate to direct expenses incurred in order to generate revenue. Such costs are recorded as incurred. Cost of revenues consists primarily of (i) revenue sharing fees paid to live streamers and talent agencies determined based on a percentage of revenue from sale of virtual items, (ii) content costs, (iii) bandwidth, (iv) salaries and welfare, (v) depreciation and amortization expense for servers and other equipment, and intangibles directly related to operating the platform, and (vi) payment handling costs.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.17 Research and development expenses

Research and development expenses primarily consist of (i) salaries and benefits expenses incurred for research and development personnel, (ii) rental, general expenses and depreciation expenses associated with the research and development activities and (iii) share-based compensation. Expenditures incurred during the research phase are expensed as incurred and no research and development expenses were capitalized as of December 31, 2022, 2023 and 2024.

2.18 Sales and marketing expenses

Sales and marketing expenses consist primarily of (i) advertising and market promotion expenses, (ii) salaries and welfare for sales and marketing personnel and (iii) share-based compensation. The advertising and market promotion expenses amounted to RMB282,007,724, RMB100,470,369 and RMB162,877,304 for the years ended December 31, 2022, 2023 and 2024, respectively.

2.19 General and administrative expenses

General and administrative expenses consist primarily of (i) professional service fees, and (ii) share-based compensation, and (iii) salaries and welfare for general and administrative personnel and (iv) allowance for credit loss.

2.20 Income taxes

Current income taxes are provided for in accordance with the laws of the relevant tax authorities.

Deferred income taxes are provided using assets and liabilities method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, the management consider all positive and negative evidence, including future reversals of projected future taxable income and results of recent operation. Deferred tax assets are then reduced by a valuation allowance through a charge to income tax expense when, in the opinion of management, it is more likely than not that a portion of or all of the deferred tax assets will not be realized.

The impact of an uncertain income tax position on the income tax return is recognized at the largest amount that is more-likely-than- not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes will be classified as a component of the provisions for income taxes.

2.21 Segment information

The Group operates as one operating segment and reportable segment. The Group's chief operating decision maker ("CODM") is its interim management committee (Co-CEO after January 16, 2025) who reviews financial information presented on a consolidated basis.

The measures used by CODM to assess performance and make operating decisions are the net (loss) income as reported on the Group's consolidated statements of comprehensive income (loss). The CODM uses performance measures to monitor operating forecast versus actual results and determine how to allocate resources of the Group as a whole. Further, the CODM reviews and utilizes cost of revenues to manage the Group's operation.

As of December 31, 2023 and 2024, the majority of the long-lived assets of the Company are located in the PRC, and therefore no geographical segments are presented.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.22 Operating leases as lessee

The Group determines if an arrangement is a lease or contains a lease at lease inception. The Group measures the operating lease liabilities at the commencement date based on the present value of remaining lease payments over the lease term, which was computed using the Group's incremental borrowing rate, an estimated rate the Group would be required to pay for a collateralized borrowing equal to the total lease payments over the lease term. The Group measures the operating lease ROU assets based on the corresponding lease liability adjusted for payments made to the lessor at or before the commencement date, and initial direct costs it incurs under the lease. The Group begins recognizing operating lease expense based on lease payments on a straight-line basis over the lease term when the lessor makes the underlying asset available to the Group.

2.23 Government subsidies

Government subsidies are primarily referred to the amounts received from various levels of local governments from time to time which are granted for general corporate purposes and to support its ongoing operations in the region. The grants are determined at the discretion of the relevant government authority and there are no restrictions on their use. The government subsidies are recorded in other operating income (expenses), net, in the period the cash is received. Government subsidies recognized for the years ended December 31, 2022, 2023 and 2024 were RMB48,352,432, RMB29,733,380 and RMB5,234,088, respectively.

2.24 Certain risks and concentrations

Foreign currency risk

The revenues and expenses of the Group's entities in the PRC are generally denominated in RMB and their assets and liabilities are denominated in RMB. The RMB is not freely convertible into foreign currencies. Remittances of foreign currencies into the PRC or remittances of RMB out of the PRC as well as exchange between RMB and foreign currencies require approval by foreign exchange administrative authorities and certain supporting documentation. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into other currencies. The PRC government imposes controls on the convertibility of RMB into foreign currencies. The Group's cash and cash equivalents denominated in RMB that are subject to such government controls amounted to RMB351,237,990, which accounted for 35% of total cash and cash equivalents as of December 31, 2024.

Concentration of accounts receivable, net

Customer accounting for 10% or more of accounts receivable, net is as follows:

	As of December 31,					
	2023		2024			
	RMB	%	RMB	%	US$	%
Company A	*	*	6,930,689	14 %	949,500	14 %
Company B	8,121,923	11 %	*	*	*	*
Company C	*	*	6,273,190	13 %	859,424	13 %

* Represents less than 10% of accounts receivable, net for the period.

Notes to the Consolidated Financial Statements (Continued)

2. Summary of significant accounting policies (Continued)

2.25 Recently issued accounting pronouncements

Recent accounting pronouncements not yet adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in this update require entities to disclose specific categories in the effective tax rate reconciliation and provide additional information for reconciling items where the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income/loss by the applicable statutory income tax rate. In addition, entities are required to disclose the year-to-date amount of income taxes paid (net of refunds received) disaggregated by jurisdictions. This ASU is effective for annual periods beginning after December 15, 2024 with early adoption permitted. The Group is in process of evaluating the impact and currently does not expect the adoption of this standard to have a material impact on its consolidated financial statements and related disclosures.

On November 4, 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires disaggregated disclosure of income statement expenses for public business entities (PBEs). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. On January 6, 2025, the FASB issued ASU 2025-01 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date, to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Group plans to adopt the standard when it becomes effective beginning in our fiscal year 2027 annual financial statements, and the Group is currently evaluating the impact this guidance will have on the disclosures included in the Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements (Continued)

3. Accounts receivable, net

Accounts receivable, net consist of the followings:

	As of December 31,	
	2023	2024
	RMB	RMB
Accounts receivable, gross	93,617,307	66,782,454
Less: allowance for credit loss	(20,164,070)	(17,725,683)
Accounts receivable, net	73,453,237	49,056,771

The Group recorded a provision for current expected credit loss. The following table sets out movements of the expected credit loss provision for the years ended December 31, 2022, 2023 and 2024:

	2022	2023	2024
	RMB	RMB	RMB
Balance as of January 1	13,845,960	8,875,133	20,164,070
(Reversal) Addition	(4,970,827)	11,809,161	(1,944,636)
Write offs	—	(520,224)	(493,751)
Balance as of December 31	8,875,133	20,164,070	17,725,683

4. Other current assets

Other current assets consist of the following:

	As of December 31,	
	2023	2024
	RMB	RMB
Value-added tax recoverable	139,230,233	135,525,526
Interest receivable	127,149,677	55,823,507
Funds receivable from third party payment service providers (1)	28,700,544	28,529,970
Content rights	1,359,781	1,276,545
Deposits for share repurchase program (2)	37,538,310	—
Others	14,148,698	10,198,320
Total	348,127,243	231,353,868

(1) The Group opened accounts with external online payment service providers to collect funding from users.
(2) The Group opened an account with one external broker to repurchase its shares.

5. Property and equipment, net

	As of December 31,	
	2023	2024
	RMB	RMB
Gross carrying amount		
Computer and transmission equipment	91,370,278	82,847,892
Leasehold improvements	27,052,770	27,348,008
Furniture and office equipment	4,782,438	2,888,360
Motor vehicles	410,200	410,200
Total	123,615,686	113,494,460
Less: accumulated depreciation	(109,807,780)	(106,401,031)
Property and equipment, net	13,807,906	7,093,429

Depreciation expense was RMB11,843,695, RMB6,014,868 and RMB6,285,907 for the years ended December 31, 2022, 2023 and 2024, respectively.

Notes to the Consolidated Financial Statements (Continued)

6. Intangible assets, net

	As of December 31,	
	2023	2024
	RMB	RMB
Gross carrying amount		
Agency contract rights (1)	159,701,258	142,720,126
Licensed copyrights of content	67,072,231	66,981,132
Brand name	41,906,429	—
Software	24,272,306	23,854,614
Platform	10,271,184	—
License for Online Transmission of Audio/Video Programs	7,988,748	7,988,748
Others	6,039,349	6,058,116
Total of gross carrying amount	317,251,505	247,602,736
Less: accumulated amortization		
Agency contract rights	(105,730,346)	(58,698,113)
Licensed copyrights of content	(16,451,950)	(40,566,038)
Brand name	(41,906,429)	—
Software	(17,614,761)	(20,720,014)
Platform	(10,271,184)	—
Others	(4,582,697)	(5,022,234)
Total of accumulated amortization	(196,557,367)	(125,006,399)
Less: provision for impairment (2)	—	(61,679,245)
Intangible assets, net	120,694,138	60,917,092

(1) The agency contract rights, which represent prepayment of cooperation costs to top streamers, acquired during the years ended December 31, 2023 and 2024 are RMB47,358,491 and RMB54,716,981, respectively, with weighted average amortization period of 4.6 years and 2.4 years.

(2) In view of fiercer market competition and expected decline in revenue related to certain streamers, the management of the Company consider there is impairment indicator in respect of certain agency contract rights. During the year ended 31 December 2024, the management of the Company have performed impairment assessment of certain agency contract rights and consequently determined an impairment loss of RMB61,679,245 (2023: RMB nil) based on discounted cashflow. The impairment loss has been included in profit or loss in other operating income (expenses), net.

Notes to the Consolidated Financial Statements (Continued)

6. Intangible assets, net (Continued)

Amortization expenses were RMB75,650,610, RMB90,827,064 and RMB56,322,409 for the years ended December 31, 2022, 2023 and 2024 respectively. The Group expects to record amortization expenses in the future 5 years and thereafter as below:

	Future amortization expenses
	RMB
2025	34,758,375
2026	17,229,328
2026	592,104
2028	224,529
2029 and thereafter	124,008
Total	52,928,344

The weighted average amortization periods of intangible assets as of December 31, 2023 and 2024 are as below:

	As of December 31,	
	2023	2024
Brand name	10 years	10 years
Agency contract rights	4.3 years	3.2 years
Platform	5 years	5 years
Software	3.3 years	4.0 years
Others	3.2 years	3.2 years

7. Investments

Equity method investments:

	As of December 31,	
	2023	2024
	RMB	RMB
Wuhan Shayu Network Technology Co., Ltd. (“Shayu”) (1)	143,955,394	151,774,078
Nanshan Stellar Investment LLP (“Nanshan LLP”) (2)	101,719,858	100,411,039
Others	11,841,985	2,822,797
	257,517,237	255,007,914

(1) The Group aggregately owned 35.084% equity interest in Shayu with investment cost RMB188,009,650. For the years ended December 31, 2022, 2023 and 2024, the Company recognized the share of income (loss) in equity method investments of RMB3,585,612, RMB(28,046,644) and RMB7,818,684, respectively.

(2) For the years ended December 31,2022, 2023 and 2024, the Company recognized its share of income in equity method investment of US$9,388,560 (equivalent to RMB62,977,379), loss of US$1,426 (equivalent to RMB10,052) and loss of US$382,211 (equivalent to RMB2,789,872), respectively, attributable to income and loss recognized by Nanshan LLP for the change in fair value in Nanshan LLP’s underlying investment.

Notes to the Consolidated Financial Statements (Continued)

7. Investments (Continued)

Summarized financial information:

Summarized financial information as of and for the years ended December 31, 2022, 2023 and 2024 for the Group's equity method investments is presented on a group basis as required under Rule 4-08(g) of Regulation S-X as follows:

	As of December 31,		
	2023	2024	2024
	RMB	RMB	US$
Balance sheets data:			
Current assets	99,825,485	116,418,686	15,949,295
Non-current assets	224,031,710	229,820,107	31,485,226
Current liabilities	116,536,612	125,769,002	17,230,283

	Years ended December 31,			
	2022	2023	2024	2024
	RMB	RMB	RMB	US$
Statements of comprehensive income (loss) data:				
Revenue	399,408,328	296,067,284	233,686,226	32,014,882
Investment gain(1)	63,148,391	—	—	—
Gross profit	95,531,209	78,781,451	90,183,309	12,355,063
Income (loss) from operations	23,085,819	(27,906,082)	2,169,710	297,249
Net income (loss)	26,146,839	(26,539,772)	13,261,559	1,816,826

(1) Investment gain consisted of the mark-to fair value gain recognized in the financial statements of Nanshan LLP.

Investment in equity investees:

	As of December 31,	
	2023	2024
	RMB	RMB
NIP Group Inc.	—	76,929,667

The investment in NIP Group Inc. ("NIPG") was classified as equity securities without readily determinable fair values as of December 31, 2023 and reclassed to investment in equity investees upon the NIPG's IPO on the Nasdaq Stock Market on July 26, 2024, and measured at fair values.

Equity securities without readily determinable fair value:

	As of December 31,	
	2023	2024
	RMB	RMB
Content producers	109,138,724	55,010,748
Technology and software companies	45,052,097	45,724,440
Others	24,489,229	24,141,925
	178,680,050	124,877,113

For the years ended 2022, 2023 and 2024, RMB78,462,371, RMB58,005,769 and RMB19,689,373 impairment was recorded in other expenses, net.

Notes to the Consolidated Financial Statements (Continued)

8. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	As of December 31,	
	2023	2024
	RMB	RMB
Accrued payroll and welfare	149,779,684	147,072,840
Accrued marketing cost	34,322,591	26,351,904
Other tax payable	10,795,721	12,466,396
Deposits	10,450,774	9,309,174
Others	41,252,569	47,316,787
Total	246,601,339	242,517,101

9. Cost of revenues

Cost of revenues consist of the following:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Revenue sharing fees and content costs	5,245,923,556	3,878,385,035	3,363,122,749
Bandwidth costs	569,057,110	449,901,415	304,597,404
Others	303,147,634	518,084,814	279,272,821
Total	6,118,128,300	4,846,371,264	3,946,992,974

10. Other operating income (expenses), net

Other operating income (expenses), net consist of the following:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Impairment of streamer's assets (1)	—	—	(75,472,692)
Contingent litigation income (expenses) (2)	13,677,331	(2,144,701)	(154,256,908)
Reimbursements from ADR program	17,522,805	19,777,194	8,706,513
Government subsidies	48,352,432	29,733,380	5,234,088
Others	42,661,262	(15,051,332)	15,614,881
Total	122,213,830	32,314,541	(200,174,118)

(1) Impairment of streamer's assets includes impairment of agency contract rights of intangible assets, net and impairment of prepayment of cooperation costs to top streamers of other non-current assets.

(2) Contingent litigation income expenses in 2024 primarily include RMB16,023,825 arising from class action suit (see Note 20) and a voluntary return of RMB111,720,000 in connection with investigations by relevant government authorities against certain third-party streamers for their historical illegal activities. The Group voluntarily returned gains that were related to these streamers' historical illegal activities to the relevant government authorities, as the Group is not entitled to retain such gains pursuant to PRC laws. There remain uncertainties regarding future developments or regulatory investigations into streamers' historical illegal activities. No additional liability is accrued with this regard as of December 31, 2024.

Notes to the Consolidated Financial Statements (Continued)

11. Income taxes

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. Operations in Hong Kong have incurred net accumulated operating losses for income tax purpose and no income tax provisions are recorded for the period presented.

Japan

Entities incorporated in Japan are subject to an income tax rate calculated according to relevant regulations of Japan Ministry of Finance. Operations in Japan have incurred net accumulated operating losses for income tax purpose and no income tax provisions are recorded for the period presented.

China

The Company's subsidiaries and consolidated VIEs established in the PRC are subject to an income tax rate of 25%, according to the PRC Enterprise Income Tax ("EIT") Law. The subsidiaries and the VIEs of the Group in the PRC are subject to a uniform income tax rate of 25% for years presented. In 2019, Wuhan Douyu, Douyu Yule and Wuhan Ouyue obtained "Software Enterprise Certificate", which enables them to enjoy a tax holiday of a two-year exemption commencing from first profitable calendar year and a 50% reduction in uniform tax rate for the following three calendar years. As of December 31, 2020, Douyu Yule is profitable after offsetting its accumulated loss and starts to enjoy the tax benefit of software enterprise, while Wuhan Douyu, and Wuhan Ouyue are still in accumulative loss status and have not enjoyed the tax benefit yet. According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 to 2022, enterprises engaged in research and development activities are entitled to claim 175% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year ("Super Deduction").

Uncertainties exist with respect to how the current income tax law in the PRC applies to the Group's overall operations, and more specifically, with regard to tax residency status. The EIT Law includes a provision specifying that legal entities organized outside of the PRC will be considered residents for Chinese Income Tax purposes if the place of effective management or control is within the PRC. The implementation rules to the EIT Law provide that non-resident legal entities will be considered PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting and properties, occurs within the PRC. Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Group does not believe that the legal entities organized outside of the PRC within the Group should be treated as residents for EIT law purposes. If the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside the PRC should be deemed resident enterprises, the Company and its subsidiaries registered outside the PRC will be subject to the PRC income taxes, at a statutory income tax rate of 25%. The Group is not subject to any other uncertain tax position.

According to PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or withholding agent. The statute of limitations will be extended five years under special circumstances, which are not clearly defined (but an underpayment of tax liability exceeding RMB0.1 million is specifically listed as a special circumstance). In the case of a related party transaction, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion.

In accordance with the EIT Law, dividends, which arise from profits of foreign invested enterprises ("FIEs") earned after January 1, 2008, are subject to a 10% withholding income tax. In addition, under tax treaty between the PRC and Hong Kong, if the foreign investor is incorporated in Hong Kong and qualifies as the beneficial owner, the applicable withholding tax rate is reduced to 5%, if the investor holds at least 25% in the FIE, or 10%, if the investor holds less than 25% in the FIE.

Notes to the Consolidated Financial Statements (Continued)

11. Income taxes (Continued)

China (Continued)

Under applicable accounting principles, a deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting basis over tax basis in a consolidated affiliate. However, recognition is not required in situations where the tax law provides a means by which the reported amount of that investment can be recovered tax-free and the enterprise expects that it will ultimately use that means. The Group VIEs are in an accumulated deficit position and therefore not subject to this deferred tax liability.

(Loss) income before income taxes consist of:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
PRC	(89,768,953)	(92,977,042)	(533,372,130)
Overseas	(59,554,082)	161,174,386	245,969,524
Total	(149,323,035)	68,197,344	(287,402,606)

For years ended December 31, 2022, 2023 and 2024, the Group recorded current income tax expense of RMB3,487,038, RMB1,068,958 and RMB15,406,551 respectively.

The reconciliation of total tax expenses computed by applying the respective statutory income tax rate to pre-tax income is as follows:

	Years ended December 31,		
	2022	2023	2024
PRC income tax rate	25.00 %	25.00 %	25.00 %
Expenses not deductible for tax purposes	(14.71)%	19.77 %	(8.79)%
Effect of tax holiday	2.15 %	—	—
Effect of tax rate in different tax jurisdiction	13.38 %	(77.33)%	20.76 %
Change in valuation allowance	(28.31)%	36.13 %	(42.33)%
Total	(2.49)%	3.57 %	(5.36)%

The aggregate amount and per share effect of the tax holiday are as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
The aggregate dollar effect	3,205,943	—	—
Per share effect—basic and diluted	0.10	—	—

Notes to the Consolidated Financial Statements (Continued)

11. Income taxes (Continued)

China (Continued)

Deferred tax assets are as follows:

	Years ended December 31,	
	2023	2024
	RMB	RMB
Deferred tax assets		
Tax loss carried forward	809,834,806	461,896,586
Deductible temporary differences	267,362,061	308,259,437
Tax basis difference upon the restructuring in 2016	22,907,887	11,911,959
Allowance for credit loss	11,478,781	10,812,975
Allowance for others	—	18,868,173
Total deferred tax assets	1,111,583,535	811,749,130
Less: valuation allowance	(1,111,583,535)	(811,749,130)
Net deferred tax assets	—	—

The movement of deferred tax valuation allowance is as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Balance at beginning of the year	1,092,224,566	1,064,015,562	1,111,583,535
Increase	53,777,072	82,998,721	28,617,596
Decrease	(81,986,076)	(35,430,748)	(328,452,001)
Balance at end of the year	1,064,015,562	1,111,583,535	811,749,130

The Group operates through its subsidiaries, the VIEs and the VIEs' subsidiaries. According to the Article 18 of PRC Tax Law, the enterprise can carry over the losses to the succeeding five tax years. As of December 31, 2022, 2023 and 2024, the Group had tax operating loss carry forwards of RMB2,695,640,682, RMB2,434,721,831 and RMB1,050,262,051, respectively, from its subsidiaries, VIEs and subsidiaries of the VIEs registered in the PRC, which can be carried forward to offset taxable income and will expire during the period from 2023 to 2027, 2024 to 2028 and 2025 to 2029, respectively.

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more likely than not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying businesses. Valuation allowances are established for deferred tax assets based on a more likely than not threshold. The Group's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carry forward periods provided for in the tax law. The Group has provided a full valuation allowance for the deferred tax assets as of December 31, 2023 and 2024, as management is not able to conclude that the future realization of those net operating loss carry forwards and other deferred tax assets are more likely than not.

Notes to the Consolidated Financial Statements (Continued)

12. Treasury shares

On August 30, 2021, the Company announced the repurchase program whereby the Company may repurchase up to US$100 million of its ordinary shares in the form of ADSs during a period of up to 12 months commencing on September 30, 2021. As of December 31, 2021, the Company has repurchased an aggregate of 578,304 ordinary shares for total cash consideration of US$16,737,290 (equivalent of RMB107,151,908) including repurchase commissions, among which 578,304 ordinary shares for total cash consideration of US$16,737,290 (equivalent of RMB107,151,908) (the "2021 Share Repurchase Program"). As of December 31, 2022, the Company completed the 2021 Share Repurchase Program and repurchased the remaining 804,758 of ordinary shares for cash consideration of US$17,158,573 (equivalent of RMB108,967,252). As of December 31, 2022 and 2023, the balance of treasury shares was RMB911,217,013.

On December 28, 2023, the Company announced the repurchase program whereby the Company may repurchase up to US$20 million of its ordinary shares in the form of ADSs during a period of up to 12 months commencing on January 1, 2024 (the "2023 Share Repurchase Program"). As of December 31, 2024, the Company completed the 2023 Share Repurchase Program and repurchased 1,798,806 of ordinary shares for cash consideration of US$20,107,653 (equivalent of RMB143,109,040).

As of December 31, 2024, the number of ordinary shares in issue was reduced by 4.4 million shares as a result of the cancellation of the repurchased shares and the balance of treasury stock was nil.

13. Noncontrolling Interest

As of December 31, 2024, the Group has no noncontrolling interest since the Douyu Japan's noncontrolling interest has been buyout from Mistui Group. The following schedule shows the effects of changes in the ownership interest of the Company in its subsidiaries on equity attributed to DouYu International for the years ended December 31, 2022, 2023 and 2024.

Below are the changes in the Group's ownership in its subsidiaries on the Group's equity.

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Net (loss) income attributable to DouYu's ordinary shareholders	(75,422,408)	35,517,634	(306,810,286)
Transfers to noncontrolling interest			
Decrease in DouYu's additional paid-in capital due to additional capital contribution in DouYu Japan (1)	(14,992,166)	—	—
Net transfers to noncontrolling interest	(14,992,166)	—	—
Change from net (loss) income attribute to DouYu and transfers to noncontrolling interest	(90,414,574)	35,517,634	(306,810,286)

(1) During the year ended December 31, 2022, the Group acquired additional newly issued common shares of DouYu Japan with consideration of JPY7,499,997,600 (equivalent to RMB397,078,638). As a result of this transaction, the noncontrolling interest shareholder's ownership interest decreased from 28.9% to 22.4%. The difference of RMB14,992,166 between the cash consideration paid and the carrying amount of the noncontrolling interest was recorded as an adjustment to the Group's additional paid-in capital.

Notes to the Consolidated Financial Statements (Continued)

14. Share-based compensation

Restricted share units

On April 1, 2018, the Company's board of director approved the 2018 Restricted Share Unit Scheme ("2018 Plan"). In connection with the 2018 Plan, the Company established Douyu Employee Benefit Trust (the "Trust") as a holding platform and 2,106,321 share of ordinary shares were issued to the Trust as a reserve pool for future issuance of equity share incentive to the Group's employees. All shareholder rights of these 2,106,321 ordinary shares including but not limited to voting rights and dividend rights are unconditionally waived until the corresponding restrict share units are vested. The Group referred to the interest in Trust as Restricted Share Units and each Restricted Share Unit represents one ordinary share. The Scheme shall be valid and effective for a period of 10 years.

On April 1, 2018, pursuant to a board of director resolution, 2,098,069 restricted share units corresponding to 2,098,069 ordinary shares were granted to certain employees, directors and officers for zero cash subscription. The restricted share units will begin vesting by equal instalment for 36 months upon a qualified IPO. The Group has determined the per share fair value of the restricted share unit to be RMB274.51 with the assistance of an independent valuation firm based on the fair value of the underlying ordinary shares which was determined by using the hybrid method of the probability weighted expected return method ("PWERM") and the option pricing method ("OPM") to allocate equity value to preferred and ordinary shares on a fully diluted basis.

The total intrinsic value of restricted share units vested during the year ended December 31, 2022 was RMB110,259,005.

The Group has recorded compensation expenses of RMB66,741,438, RMB nil and RMB nil for the years ended December 31, 2022, 2023 and 2024 relating to these restricted share units. As of December 31, 2022, all the restricted share units were vested.

Notes to the Consolidated Financial Statements (Continued)

15. Net (loss) income per share and net (loss) income attributable to ordinary shareholders

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Basic net (loss) income per share calculation			
Numerator:			
Net (loss) income attributable to ordinary shareholders for computing basic net (loss) income per share	(75,422,408)	35,517,634	(306,810,286)
Denominator:			
Weighted average number of ordinary shares used in computing basic (loss) income per ordinary share	31,971,245	31,977,665	30,832,271
Basic net (loss) income per ordinary share	(2.36)	1.11	(9.95)
Diluted net (loss) income per share calculation			
Numerator:			
Net (loss) income attributable to ordinary shareholders of DouYu Holdings Limited	(75,422,408)	35,517,634	(306,810,286)
Net (loss) income attributable to ordinary shareholders for computing diluted net (loss) income per ordinary share	(75,422,408)	35,517,634	(306,810,286)
Denominator:			
Weighted average number of ordinary shares used in computing basic (loss) income per ordinary share	31,971,245	31,977,665	30,832,271
Weighted average ordinary shares used in computing diluted (loss) income per ordinary share	31,971,245	31,977,665	30,832,271
Diluted net (loss) income per ordinary share	(2.36)	1.11	(9.95)

16. Statutory reserves and restricted net assets

As a result of the PRC laws and regulations and the requirement that distributions by PRC entities can only be paid out of distributable profits computed in accordance with PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Group. Amounts restricted include paid-in capital, additional paid-in capital, and the statutory reserves of the Company's PRC subsidiaries and VIEs. As of December 31, 2024, total restricted net assets were RMB3,474,391,108.

17. Segment Information

The Group operates as one operating segment and reportable segment. The Group's chief operating decision maker ("CODM") is its interim management committee (Co-CEO after January 16, 2025) who reviews financial information presented on a consolidated basis.

The measures used by CODM to assess performance and make operating decisions are the net (loss) income as reported on the Group's consolidated statements of comprehensive income (loss). The CODM uses performance measures to monitor operating forecast versus actual results and determine how to allocate resources of the Group as a whole. Further, the CODM reviews and utilizes cost of revenues to manage the Group's operation.

As of December 31, 2023 and 2024, the majority of the long-lived assets of the Company are located in the PRC, and therefore no geographical segments are presented.

Notes to the Consolidated Financial Statements (Continued)

17. Segment Information (Continued)

The following table presents selected financial information with respect to the Group's single operating segment for the years ended December 31, 2022, 2023 and 2024:

	Years ended December 31,		
	2022 RMB	2023 RMB	2024 RMB
Net Revenues (1)	7,108,238,352	5,530,404,557	4,270,825,456
Less: Cost of revenues			
Revenue sharing fees and content costs	(5,245,923,556)	(3,878,385,035)	(3,363,122,749)
Other costs (2)	(872,204,744)	(967,986,229)	(583,870,225)
Total cost of revenues	(6,118,128,300)	(4,846,371,264)	(3,946,992,974)
Gross profit	990,110,052	684,033,293	323,832,482
Operating (expense) income			
Sales and marketing expenses	(639,870,865)	(351,726,623)	(311,140,438)
General and administrative expenses	(288,241,624)	(237,755,845)	(204,428,800)
Research and development expenses	(383,091,118)	(276,935,538)	(181,676,080)
Other operating income (expense), net	122,213,830	32,314,541	(200,174,118)
Impairment of goodwill	—	(13,966,789)	—
Total operating expenses	(1,188,989,777)	(848,070,254)	(897,419,436)
Loss from operations	(198,879,725)	(164,036,961)	(573,586,954)
Other (expenses) income, net	(80,301,141)	(52,873,716)	21,898,241
Interest income	129,857,831	284,982,128	263,052,300
Foreign exchange gain, net	—	125,893	1,233,807
(Loss) income before income taxes and share of (loss) income in equity method investments	**(149,323,035)**	**68,197,344**	**(287,402,606)**
Income tax expense	(3,487,038)	(1,068,958)	(15,406,551)
Share of (loss) income in equity method investments	62,395,476	(31,610,752)	(4,001,129)
Net (loss) income	**(90,414,597)**	**35,517,634**	**(306,810,286)**

(1) 98.0%, 98.5% and 99.4% of the Group's revenue for the years ended December 31, 2022, 2023 and 2024, respectively, were generated from the PRC.

(2) Other costs include bandwidth costs and others.

18. Related party transactions

The table below sets forth major related parties and their relationships with the Group:

Company Name	Relationship with the Group
Tencent Holdings Limited and its subsidiaries ("Tencent Group")	Parent company of one of our ordinary shareholders
Shayu	An investee of the Group
Equity method investees- talent agencies	Talent agencies invested by the Group classified as EMI

Notes to the Consolidated Financial Statements (Continued)

18. Related party transactions (Continued)

For the years ended December 31, 2022, 2023 and 2024, significant related party transactions were as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Advertisement revenue derived from			
Tencent Group	14,979,036	56,057,315	24,052,614
Other revenue derived from			
Tencent Group	5,415,442	4,249,801	24,424,731
Equity method investees- talent agencies	—	2,542,300	457,798
Total	5,415,442	6,792,101	24,882,529
Bandwidth fees paid to			
Tencent Group	197,568,690	138,960,405	110,988,031
Revenue sharing fees and content cost paid to			
Tencent Group	—	—	26,299
Equity method investees- talent agencies	181,637,081	105,489,026	12,492,874
Total	181,637,081	105,489,026	12,519,173
Payment handling fees paid to			
Tencent Group	28,153,602	22,256,354	17,629,404
Virtual gifts purchased from			
Tencent Group	60,444,813	116,032,260	182,216,981
Content rights purchased from			
Tencent Group	103,198,542	280,708,045	161,933,140
Other fees paid to			
Tencent Group	8,734,726	3,878,843	687,250

As of December 31, 2022, 2023 and 2024, the amounts due from/to related parties are as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Amounts due from related parties			
Tencent Group	35,491,575	63,862,287	68,856,098
Shayu	10,153,000	4,989,300	5,176,400
Equity method investees- talent agencies	481,069	142,193	142,194
Total	46,125,644	68,993,780	74,174,692
Amounts due to related parties			
Tencent Group	250,364,366	234,483,995	212,539,704
Equity method investees- talent agencies	16,423,196	16,908,031	10,049,146
Total	266,787,562	251,392,026	222,588,850

19. Leases

The Group's leases consist of operating leases and short-term lease for administrative office spaces in different cities of Asia. As of December 31, 2024, the Group had no long-term leases that were classified as a financing lease.

For the years ended December 31, 2022, 2023 and 2024, the lease expense is as:

	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024
	RMB	RMB	RMB
Operating lease expense	40,554,178	24,508,899	15,584,430
Short-term lease expense	159,623	638,012	112,265
Total lease expense	**40,713,801**	**25,146,911**	**15,696,695**

Supplemental consolidated balance sheet information related to leases is as follows:

	As of December 31, 2023	As of December 31, 2024
	RMB	RMB
Operating lease:		
Operating leases right-of-use assets	22,792,474	15,816,035
Current portion of lease liabilities	14,767,840	11,457,877
Non-current portion of lease liabilities	6,700,694	4,222,724
Total operating lease liabilities	21,468,534	15,680,601
Weighted-average remaining lease term (in years) – operating leases	1.77	1.36
Weighted-average discount rate – operating leases	4.49 %	4.51 %

Supplemental cash flow information related to leases are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2024
	RMB	RMB
Cash paid for operating leases	22,841,590	13,667,004
Lease liabilities arising from obtaining right-of-use assets	5,247,887	18,512,505

As of December 31, 2024, future minimum lease payments under non-cancellable operating lease agreements for which the Group has recognized operating lease right-of-use assets and liabilities are as follows:

Years ending	RMB
2025	11,983,493
2026	4,950,107
2027 and thereafter	—
Total undiscounted cash flows	16,933,600
Less: imputed interest	1,252,999
Total	**15,680,601**
Lease liabilities due within one year	11,457,877
Lease liabilities due after one year	4,222,724

Notes to the Consolidated Financial Statements (Continued)

20. Commitments and contingencies

Commitments

The Company did not have significant capital, other commitments or long-term obligations as of December 31, 2024.

Contingencies

As of December 31, 2024, the restricted cash amount of RMB20,179,754, classified as other non-current assets, represented bank deposits frozen by PRC local authorities due to the Group being considered a third party in the relevant legal proceedings and claims. Management has evaluated these matters and concluded that their individual or aggregate impact is immaterial from both qualitative and quantitative prospectives. And the potential outcome cannot be reasonably estimated at this moment. Therefore, no contingent liability was recognized as of December 31, 2024. The Group is closely monitoring the need for any such contingent liability on a regular basis and will record a liability when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

In June 2023, the Company and certain of the Company's officers were named as defendants in a putative securities class action filed in federal court in the District of New Jersey, captioned Fernandez v. Douyu Int'l Holdings Ltd., 23-cv-03161 (D.N.J.) (the "Fernandez Action"). The Company has reached a settlement agreement with the plaintiffs. On March 31, 2025, the Court entered order preliminarily approving the settlement. As of December 31, 2024, the Company has recorded class action liabilities of US$2.25 million.

21. Subsequent events

Dividend

On January 16, 2025, the Company's board of directors approved and declared a special cash dividend of US$9.94 per ordinary share, or US$9.94 per ADS, to holders of record of ordinary shares and ADSs as of the close of business on February 10, 2025. The aggregate amount of cash distributed for the dividends is approximately US$299,977,858 (equivalent to RMB2,150,781,246) and is paid on February 20, 2025.

FINANCIAL STATEMENT SCHEDULE I—ADDITIONAL INFORMATION OF THE PARENT COMPANY
DOUYU INTERNATIONAL HOLDINGS LIMITED
CONDENSED BALANCE SHEETS

	As of December 31,		
	2023	2024	
	RMB	RMB	US$
ASSETS			
Current assets:			
Cash and cash equivalents	4,116,400,819	654,351,902	89,645,843
Short-term deposits	1,416,540,000	2,990,374,400	409,679,613
Prepayments	197,803	70,446	9,651
Other current assets	154,904,218	52,846,225	7,239,903
Total current assets	5,688,042,840	3,697,642,973	506,575,010
Investments in subsidiaries and VIEs	1,048,858,412	550,081,329	75,360,832
Total assets	6,736,901,252	4,247,724,302	581,935,842
LIABILITIES			
Current liabilities:			
Accrued expenses and other current liabilities	39,095,925	36,531,297	5,004,768
Amounts due to subsidiaries and VIEs	344,337	349,475	47,878
Deferred revenue	8,128,004	754,304	103,339
Total current liabilities	47,568,266	37,635,076	5,155,985
Total liabilities	47,568,266	37,635,076	5,155,985
Shareholders' equity			
Ordinary shares	23,336	20,360	2,789
Treasury shares	(911,217,013)	—	—
Additional paid-in capital	10,670,286,906	7,514,498,337	1,029,482,050
Accumulated deficit	(3,485,007,183)	(3,791,817,469)	(519,476,864)
Accumulated other comprehensive income	415,246,940	487,387,998	66,771,882
Total shareholders' equity	**6,689,332,986**	**4,210,089,226**	**576,779,857**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,736,901,252**	**4,247,724,302**	**581,935,842**

FINANCIAL STATEMENT SCHEDULE I—ADDITIONAL INFORMATION OF THE PARENT COMPANY
DOUYU INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Years ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US$
General and administrative expenses	(38,959,768)	(42,927,343)	(38,585,122)	(5,286,140)
Research and development expenses	—	—	—	—
Equity in loss of subsidiaries and share of loss from VIEs	(170,956,497)	(190,965,494)	(502,190,943)	(68,799,878)
Other operating income (expenses), net	42,792,705	19,838,460	(7,317,312)	(1,002,468)
Interest income	91,701,152	249,448,848	241,283,091	33,055,649
Foreign exchange gain, net	—	123,163	—	—
Net (loss) income	**(75,422,408)**	**35,517,634**	**(306,810,286)**	**(42,032,837)**
Foreign currency translation adjustment	434,612,446	93,256,170	72,141,058	9,883,284
Comprehensive income (loss)	**359,190,038**	**128,773,804**	**(234,669,228)**	**(32,149,553)**

FINANCIAL STATEMENT SCHEDULE I—ADDITIONAL INFORMATION OF THE PARENT COMPANY
DOUYU INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENTS OF CASH FLOWS

	Years ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) income	(75,422,408)	35,517,634	(306,810,286)	(42,032,837)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Equity in loss of subsidiaries and share of loss from VIEs	170,956,497	190,965,494	502,190,943	68,799,878
Share-based compensation	6,196,546	—	—	—
Foreign exchange gain or loss	—	(123,163)	—	—
Changes in operating assets and liabilities:				
Prepayments	11,223,022	55,435	127,357	17,448
Other current assets	(51,285,121)	(88,851,970)	62,701,861	8,590,121
Accrued expenses and other current liabilities	(34,425,208)	15,719,885	(2,564,628)	(351,353)
Deferred revenue	(10,363,176)	(11,583,600)	(7,373,700)	(1,010,194)
CASH PROVIDED BY OPERATING ACTIVITIES	16,880,152	141,699,715	248,271,547	34,013,063
Proceeds from disposal of short-term bank deposits	1,654,283,000	2,098,625,000	1,437,680,000	196,961,352
Purchases of short-term investments	(2,385,288,000)	(1,778,550,000)	(2,990,374,400)	(409,679,613)
Investment in subsidiaries	(181,739,530)	(16,196,850)	—	—
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(912,744,530)	303,878,150	(1,552,694,400)	(212,718,261)
Repurchase of ordinary shares	(108,967,252)	—	(105,509,037)	(14,454,679)
Dividend distributed to shareholders	—	—	(2,101,465,492)	(287,899,592)
CASH USED IN FINANCING ACTIVITIES	(108,967,252)	—	(2,206,974,529)	(302,354,271)
Effect of foreign exchange rate changes	372,915,098	96,480,231	49,348,465	6,760,712
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(631,916,532)	542,058,096	(3,462,048,917)	(474,298,757)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,206,259,255	3,574,342,723	4,116,400,819	563,944,600
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3,574,342,723	4,116,400,819	654,351,902	89,645,843

FINANCIAL STATEMENT SCHEDULE I—NOTES TO CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

1. Schedule I has been provided pursuant to the requirements of Rule 12-04(a) and 5-04(c) of Regulation S-X, which require condensed financial information as to the financial position, changes in financial position and results of operations of a parent company as of the same date and for the same period for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year.

2. The condensed financial information has been prepared using the same accounting policies as set out in the consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries and VIEs. For the parent company, the Company records its investments in subsidiaries and VIEs under the equity method of accounting as prescribed in ASC 323, Investments— Equity Method and Joint Ventures. Such investments are presented on the Condensed Balance Sheet as "Investments in subsidiaries and VIEs" and the subsidiaries and VIEs' profit or loss as "Equity in income (loss) of subsidiaries and share of income (loss) from VIEs" on the Condensed Statements of Comprehensive Income (loss). Ordinarily under the equity method, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule I, the parent company has continued to reflect its share, based on its proportionate interest, of equity in income (loss) of subsidiaries and share of income (loss) from VIEs regardless of the carrying value of the investment even though the parent company is not obligated to provide continuing support or fund losses.

3. For the years ended December 31, 2022, 2023 and 2024, there were no material contingencies, significant provisions of long-term obligations, guarantees of the Company.

4. Translations of balances from RMB into US$ as of and for the year ended December 31, 2024 are solely for the convenience of the readers and were calculated at the rate of US$1.00= RMB7.2993, as set forth in H.10 statistical release of the Federal Reserve Board on December 31, 2024. The translation is not intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into United States dollars at that rate on December 31, 2024, or at any other rate.

DESCRIPTION OF SECURITIES
REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT")

As of April 29, 2025, DouYu International Holdings Limited ("we," "us," and "our") had the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading symbol	Name of each exchange on which registered
American depositary shares, every one American depositary share represents one ordinary share, par value US$ 0.0001 per share	**DOYU**	**The Nasdaq Global Select Market**
Ordinary shares, par value US$0.0001 per share*	**N/A**	**The Nasdaq Global Select Market**

* Not for trading, but only in connection with the listing of the American depositary shares on the Nasdaq Global Select Market.

American Depositary Shares ("ADSs"), every one American depositary ordinary share currently represents one ordinary share, par value US$0.0001 per share (the "ordinary shares"), have been available in the US through an American Depositary Receipt ("ADR") program since July 2019. This program was established pursuant to the deposit agreement that we entered into with JPMorgan Chase Bank, N.A. ("JPMorgan Chase"), as depositary ("Deposit Agreement"). Our ADRs have been listed on the Nasdaq Global Select Market ("Nasdaq") since July 2019 and are traded under the symbol DOYU. In connection therewith, the ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of ordinary shares and (ii) ADR holders. The ordinary shares underlying the ADSs are held by JPMorgan Chase, the depositary, and holders of ADSs will not be treated as holders of the ordinary shares.

DESCRIPTION OF ORDINARY SHARES

The following is a summary of material provisions of our currently effective Fourth Amended and Restated Memorandum and Articles of Association (the "Fourth Memorandum and Articles of Association"), as well as the Companies Act (As Revised) of the Cayman Islands (the "Companies Act") insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Fourth Memorandum and Articles of Association, which has been filed with the Securities and Exchange Commission (the "SEC") as an exhibit to our Registration Statement on Form F-1 (File No. 333-230976), as amended, initially filed with the SEC on April 22, 2019.

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Each of our ordinary shares has nominal value of US$0.0001 per share. The respective number of our ordinary shares that have been issued as of December 31, 2024 is provided on the cover of the annual report on Form 20-F filed on April 29, 2025 (the "2024 Form 20-F"). Our ordinary shares may be held in either certificated or uncertificated form. Certificates representing the ordinary shares are issued in registered form. We may not issue share to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares. All of our ordinary shares have equal voting

rights and carry equal entitlements to dividends. No participation certificates, non-voting equity securities or profit-sharing certificates have been issued.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

Not applicable.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Ordinary Shares (Item 10.B.3 of Form 20-F)

General

Our authorized share capital is US$100,000 divided into (i) 500,000,000 ordinary shares of a nominal or par value of US$0.0001 each, and (ii) 500,000,000 shares of a par value of US$0.0001 as our board of directors may determine in accordance with our Fourth Amended and Restated Memorandum and Articles of Association. Holders of our ordinary shares will have the same rights except for voting and conversion rights. All of our issued and outstanding ordinary shares are fully paid and non-assessable.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to our Fourth Amended and Restated Memorandum and Articles of Association and the Companies Act. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. No dividend may be declared and paid unless our directors determine that, immediately after the payment, we will be able to pay our debts as they become due in the ordinary course of business and we have funds lawfully available for such purpose.

Voting Rights

In respect of all matters subject to a shareholders' vote, each ordinary share is entitled to one vote for each ordinary share registered in his or her name on our register of members. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder.

A quorum required for a meeting of shareholders consists of one or more shareholders holding not less than one-third of the votes attaching to the issued and outstanding shares entitled to vote at general meetings present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our Fourth Amended and Restated Memorandum and Articles of Association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors. We, however, will hold an annual shareholders' meeting during each fiscal year, as required by the Listing Rules at the Nasdaq. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders' annual general meetings and any other general meetings of our shareholders may be called by a majority of our board of directors or our chairman or upon a requisition of shareholders holding at the date of deposit of the requisition not less than one-third of the votes attaching to the issued and outstanding shares entitled to vote at general meetings, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our Fourth

Amended and Restated Memorandum and Articles of Association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice of at least ten (10) calendar days is required for the convening of our annual general meeting and other general meetings unless such notice is waived in accordance with our articles of association.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution also requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as making changes to our Fourth Amended and Restated Memorandum and Articles of Association.

Transfer of Ordinary Shares

Subject to the restrictions in our Fourth Amended and Restated Memorandum and Articles of Association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within one month after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers or by electronic means, or after compliance with any notice required of the Nasdaq, be suspended and the register of members closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register of members closed for more than 30 calendar days in any year.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the

losses are borne by our shareholders in proportion to the par value of the shares held by them. Any distribution of assets or capital to a holder of ordinary share will be the same in any liquidation event.

Redemption, Repurchase and Surrender of Ordinary Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by an ordinary resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors or by ordinary resolution of our shareholders, or are otherwise authorized by our Fourth Amended and Restated Memorandum and Articles of Association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares issued and outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Requirements to Change the Rights of Holders of Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares

If at any time our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not our company is being wound-up, may be varied with the consent in writing of the holders of not less than two-thirds of the issued shares of the relevant class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of such class by the holders of two-thirds of the votes cast at such a meeting. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be materially adversely varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

Limitations on the Rights to Own Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or under the Fourth Amended and Restated Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote ordinary shares, other than anti-takeover provisions contained in the Fourth Amended and Restated Memorandum and Articles of Association to limit the ability of others to acquire control of our company or cause our company to engage in change-of-control transactions.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-Takeover Provisions

Some provisions of our Fourth Amended and Restated Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders. Under Cayman Islands law, our directors may only exercise the rights and powers granted to them under the Fourth Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under the law of the Cayman Islands or under the Fourth Amended and Restated Memorandum and Articles of Association that govern the ownership threshold above which shareholder ownership must be disclosed.

Differences between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

We were incorporated under, and are governed by, the laws of the Cayman Islands. The Companies Act is derived, to a large extent, from the older Companies Acts of England, but does not follow many recent English law statutory enactments. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non- Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the *Cayman Islands Gazette*. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, *provided* that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three- fourths in value of each such class of shareholders or creditors, as the case may be, that are

present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of a dissenting minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, or if a tender offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Fourth Amended and Restated Memorandum and Articles of Association provide that that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including

without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our Fourth Amended and Restated Memorandum and Articles of Association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. The Companies Act and our Fourth Amended and Restated Memorandum and Articles of Association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provide shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Fourth Amended and Restated Memorandum and Articles of Association allow our shareholders holding in aggregate not less than one-third of all votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our Fourth Amended and Restated Memorandum and Articles of Association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings not called by such shareholders. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our Fourth Amended and Restated Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Fourth Amended and Restated Memorandum and Articles of Association, directors elected by a specified group of persons may only be removed by such group, and the other directors may be removed by the board, with or without cause. A director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. In addition, a director's office shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) is prohibited by any applicable laws or regulations of the Nasdaq from being a director; (v)without special leave of absence from our board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated; or (vi) is removed from office pursuant to any other provisions of our Fourth Amended and Restated Memorandum and Articles of Association.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect

of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of the company are required to comply with fiduciary duties which they owe to the company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests of the company, and are entered into for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Dissolution; Winding up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under the Companies Act, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act and our Fourth Amended and Restated Memorandum and Articles of Association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our Fourth Amended and Restated Memorandum and Articles of Association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the holders of not less than two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by the holders of two-thirds of the votes cast at such a meeting.

Amendment of Governing Document

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our Fourth Amended and Restated Memorandum and Articles of Association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Nonresident or Foreign Shareholders

There are no limitations imposed by our Fourth Amended and Restated Memorandum and Articles of Association on the rights of nonresident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Fourth Amended and Restated Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Exempted Company

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies of the Cayman Islands;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 30 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder's shares of the company, except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil.

Changes in Capital (Item 10.B.10 of Form 20-F)

We may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe. We may by ordinary resolution:

- increase its share capital by new shares of such amount as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as we may determine in general meeting;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- subdivide its shares, or any of them, into shares of an amount smaller than that fixed by our Fourth Amended and Restated Memorandum and Articles of Association, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the Share from which the reduced share is derived; and
- cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

We may by special resolution reduce its share capital and any capital redemption reserve in any manner authorised by the Companies Act.

Item 12. A Debt Securities

Not applicable

Item 12. B Warrants and Rights

Not applicable

Item 12. C Other Securities

Not applicable

DESCRIPTION OF AMERICAN DEPOSITARY SHARES (ITEMS 12.D.1 AND 12.D.2 OF FORM 20-F)

JPMorgan Chase, as depositary, issues the ADSs. Every one American depositary share represents one ordinary share, par value US$0.0001 per share, deposited with the custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary, yourself as an ADR holder and all other ADR holders, and all beneficial owners of an interest in the ADSs evidenced by ADRs from time to time.

The depositary's office is located at 383 Madison Avenue, Floor 11, New York, NY 10179.

The ADS to share ratio is subject to amendment as provided in the form of ADR (which may give rise to fees contemplated by the form of ADR). In the future, each ADS also represents any securities, cash or other property deposited with the depositary but which they have not distributed directly to you.

A beneficial owner is any person or entity having a beneficial ownership interest in ADSs. A beneficial owner need not be the holder of the ADR evidencing such ADS. If a beneficial owner of ADSs is not an ADR holder, it must rely on the holder of the ADR(s) evidencing such ADSs in order to assert any rights or receive any benefits under the deposit agreement. A beneficial owner shall only be able to exercise

any right or receive any benefit under the deposit agreement solely through the holder of the ADR(s) evidencing the ADSs owned by such beneficial owner. The arrangements between a beneficial owner of ADSs and the holder of the corresponding ADRs may affect the beneficial owner's ability to exercise any rights it may have.

An ADR holder shall be deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by the ADRs registered in such ADR holder's name for all purposes under the deposit agreement and ADRs. The depositary's only notification obligations under the deposit agreement and the ADRs is to registered ADR holders. Notice to an ADR holder shall be deemed, for all purposes of the deposit agreement and the ADRs, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder's ADRs.

Unless certificated ADRs are specifically requested, all ADSs are issued on the books of our depositary in book-entry form and periodic statements are mailed to you which reflect your ownership interest in such ADSs. In our description, references to American depositary receipts or ADRs shall include the statements you receive which reflect your ownership of ADSs.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs through your broker or financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are.

As an ADR holder or beneficial owner, we do not treat you as a shareholder of ours and you do not have any shareholder rights. Cayman Island law governs shareholder rights. Because the depositary or its nominee is the shareholder of record for the shares represented by all outstanding ADSs, shareholder rights rest with such record holder. Your rights are those of an ADR holder or of a beneficial owner. Such rights derive from the terms of the deposit agreement entered into among us, the depositary and all holders and beneficial owners from time to time of ADRs issued under the deposit agreement and, in the case of a beneficial owner, from the arrangements between the beneficial owner and the holder of the corresponding ADRs. The obligations of our company, the depositary and its agents are also set out in the deposit agreement. Because the depositary or its nominee is actually the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf.

The deposit agreement and the ADSs are governed by New York law. Under the deposit agreement, by holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each irrevocably agree that any legal suit, action or proceeding against or involving ADR holders or beneficial owners brought by us or the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby or therein, may be instituted in a state or federal court in New York, New York, irrevocably waive any objection which you now or hereafter may have to the laying of venue of any such proceeding, and irrevocably submit to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. By holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each also irrevocably agree that any legal suit, action or proceeding against or involving the depositary brought by ADR holders or beneficial owners, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby or therein, may only be instituted in a state or federal court in New York, New York. As a result, ADR holders may not initiate legal proceedings against or involving the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby, in any jurisdictions outside of a state or federal court in New York, New York, while proceedings against the ADR holders may be initiated in a state or federal court in New York, New York or other jurisdictions. Notwithstanding the foregoing, subject to a specific federal securities law carve-out set forth in the deposit agreement, the depositary may refer any suit, action or proceeding to arbitration in accordance with the provisions of the deposit agreement and, upon such referral, any such suit, action or proceeding instituted by an ADR holder(s) shall be finally decided in such arbitration rather than in such court.

The following is a summary of what we believe to be the material terms of the deposit agreement. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. The deposit agreement (including the form of ADR), as amended, has been filed with the SEC as an exhibit to a Registration Statement, as amended, on Form F-6 (File No. 333-232579).

Share Dividends and Other Distributions

How will I receive dividends and other distributions on the shares underlying my ADSs?

We may make various types of distributions with respect to our securities. The depositary has agreed that, to the extent practicable, it will pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars (if it determines such conversion may be made on a reasonable basis) and, in all cases, making any necessary deductions provided for in the deposit agreement. The depositary may utilize a division, branch or affiliate of JPMorgan Chase to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement. Such division, branch and/or affiliate may charge the depositary a fee in connection with such sales, which fee is considered an expense of the depositary chargeable to holders of ADSs. You will receive these distributions in proportion to the number of underlying securities that your ADSs represent.

Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain registered ADR holders, and (iii) deduction of the depositary's and/or its agents' expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. *If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.*

- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.

- *Rights to receive additional shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we timely provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the discretion of the depositary representing such rights. However, if we do not timely furnish such evidence, the depositary may:

(i) sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or

(ii) if it is not practicable to sell such rights by reason of the non-transferability of the rights, limited markets therefor, their short duration or otherwise, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing and the rights may lapse.

- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

If the depositary determines in its discretion that any distribution described above is not practicable with respect to any specific registered ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it fails to determine that any distribution or action is lawful or reasonably practicable.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period. All purchases and sales of securities will be handled by the depositary in accordance with its then current policies, which are currently set forth in the "Depositary Receipt Sale and Purchase of Security" section of https://www.adr.com/Investors/FindOutAboutDRs, the location and contents of which the depositary shall be solely responsible for.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance.

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of JPMorgan Chase, as depositary for the benefit of holders of ADRs or in such other name as the depositary shall direct.

The custodian will hold all deposited shares for the account and to the order of the depositary, in each case for the benefit of ADR holders, to the extent not prohibited by law. ADR holders and beneficial owners thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as "deposited securities".

Deposited securities are not intended to, and shall not, constitute proprietary assets of the depositary, the custodian or their nominees.

Beneficial ownership in deposited securities is intended to be, and shall at all times during the term of the deposit agreement continue to be, vested in the beneficial owners of the ADSs representing such deposited securities. Notwithstanding anything else contained herein, in the deposit agreement, in the form of ADR and/or in any outstanding ADSs, the depositary, the custodian and their respective nominees are intended to be, and shall at all times during the term of the deposit agreement be, the record holder(s) only of the deposited securities represented by the ADSs for the benefit of the ADR holders. The depositary, on

its own behalf and on behalf of the custodian and their respective nominees, disclaims any beneficial ownership interest in the deposited securities held on behalf of the ADR holders.

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary's direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in such holder's name. An ADR holder can request that the ADSs not be held through the depositary's direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADR certificate at the depositary's office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares to you or upon your written order, subject to the provisions of or governing our shares (including, without limitation, our governing documents and all applicable laws, rules and regulations). Delivery of deposited securities in certificated form will be made at the custodian's office. At your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depositary may, after consultation with us if practicable, fix record dates (which, to the extent applicable, shall be as near as practicable to any corresponding record dates set by us) for the determination of the registered ADR holders who will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of deposited securities,
- to give instructions for the exercise of voting rights at a meeting of holders of shares, or
- to pay the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR,
- to receive any notice or to act in respect of other matters, all subject to the provisions of the deposit agreement.

Voting Rights

How do I vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. Subject to the next sentence, as soon as practicable after receiving notice from us of any meeting at which the holders of shares are entitled to vote, or of our solicitation of consents or proxies from holders of shares, the depositary shall fix the ADS record date in accordance with the provisions of the deposit agreement,

provided that if the depositary receives a written request from us and at least 30 days prior to the date of such vote or meeting, the depositary shall, at our expense, distribute to the registered ADR holders a "voting notice" stating (i) final information particular to such vote and meeting and any solicitation materials, (ii) that each ADR holder on the record date set by the depositary will, subject to any applicable provisions of Cayman Islands law, be entitled to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the deposited securities represented by the ADSs evidenced by such ADR holder's ADRs and (iii) the manner in which such instructions may be given or deemed given, including instructions for giving a discretionary proxy to a person designated by us. Each ADR holder shall be solely responsible for the forwarding of voting notices to the beneficial owners of ADSs registered in such ADR holder's name. There is no guarantee that ADR holders and beneficial owners generally or any holder or beneficial owner in particular will receive the notice described above with sufficient time to enable such ADR holder or beneficial owner to return any voting instructions to the depositary in a timely manner.

Following actual receipt by the ADR department responsible for proxies and voting of ADR holders' instructions (including, without limitation, instructions of any entity or entities acting on behalf of the nominee for The Depository Trust Company (DTC)), the depositary shall, in the manner and on or before the time established by the depositary for such purpose, endeavor to vote or cause to be voted the deposited securities represented by the ADSs evidenced by such ADR holders' ADRs in accordance with such instructions insofar as practicable and permitted under the provisions of or governing deposited securities.

To the extent we have provided the depositary with at least 35 days' notice of a proposed meeting and the notice will be received by all holders and beneficial owners of interests in ADSs no less than 10 days prior to the date of the meeting and/or the cut-off date for the solicitation of consents, if voting instructions on a particular agenda item are not timely received by the depositary from any holder, such holder shall be deemed, and in the deposit agreement the depositary is instructed to deem such holder, to have instructed the depositary to give a discretionary proxy for such agenda item(s) to a person designated by us to vote the shares represented by their ADSs as desired, provided that no such instruction shall be deemed given and no discretionary proxy shall be given unless (a) we inform the depositary in writing (and we agree to provide the depositary with such instruction promptly in writing) that (i) we wish such proxy to be given, (ii) there is no substantial opposition existing with respect to any agenda item for which the proxy would be given and (iii) the agenda item(s), if approved, would not materially or adversely affect the rights of holders of shares and (b) with respect to such meeting, the depositary has obtained an opinion of counsel, in form and substance satisfactory to the depositary, confirming that (a) the granting of such discretionary proxy does not subject the depositary to any reporting obligations in the Cayman Islands, (b) the granting of such proxy will not result in a violation of the laws, rules, regulations or permits of the Cayman Islands and (c) the voting arrangement and deemed instruction as contemplated under the deposit agreement will be given effect under the laws, rules and regulations of the Cayman Islands and (d) the granting of such discretionary proxy will not under any circumstances result in the shares represented by the ADSs being treated as assets of the depositary under the laws, rules or regulations of the Cayman Islands.

The depositary may from time to time access information available to it to consider whether any of the circumstances described above exist, or request additional information from us in respect thereto. By taking any such action, the depositary shall not in any way be deemed or inferred to have been required, or have had any duty or responsibility (contractual or otherwise), to monitor or inquire whether any of the circumstances described above existed. In addition to the limitations provided for in the deposit agreement, ADR holders and beneficial owners are advised and agree that (a) the depositary will rely fully and exclusively on us to inform it of any of the circumstances set forth above, and (b) neither the depositary, the custodian nor any of their respective agents shall be obliged to inquire or investigate whether any of the circumstances described above exist and/or whether we complied with our obligation to timely inform the depositary of such circumstances. Neither the depositary, the custodian nor any of their respective agents shall incur any liability to ADR holders or beneficial owners (i) as a result of our failure to determine that any of the circumstances described above exist or our failure to timely notify the depositary of any such circumstances or (ii) if any agenda item which is approved at a meeting has, or is claimed to have, a material or adverse effect on the rights of holders of shares.

Holders are strongly encouraged to forward their voting instructions to the depositary as soon as possible. For instructions to be valid, the ADR department of the depositary that is responsible for proxies and voting must receive them in the manner and on or before the time specified, notwithstanding that such instructions may have been physically received by the depositary prior to such time. The depositary will not itself exercise any voting discretion in respect of deposited securities. The depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any voting instructions are given or deemed to be given, including instructions to give a discretionary proxy to a person designated by us, for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the depositary is instructed or deemed to have been instructed to grant a discretionary proxy, or for the effect of any such vote. Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by any law, regulation, or requirement of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of deposited securities, distribute to the registered holders of ADRs a notice that provides such holders with, or otherwise publicizes to such holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

We have advised the depositary that under the Cayman Islands law and our constituent documents, each as in effect as of the date of the deposit agreement, voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded. In the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with our constituent documents, the depositary will refrain from voting and the voting instructions received by the depositary from holders shall lapse. The depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by holders of ADSs. There is no guarantee that you will receive voting materials in time to instruct the depositary to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Reports and Other Communications

Will ADR holders be able to view our reports?

The deposit agreement, the provisions of or governing deposited securities and any written communications from us, which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities, are available for inspection by registered ADR holders at the offices of the depositary and the custodian, on the website of the United States Securities and Exchange Commission, or upon request from the depositary (which request may be refused by the depositary at its discretion).

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or English translations or summaries) to the depositary, it will distribute the same to registered ADR holders.

Fees and Expenses

What fees and expenses will I be responsible for paying?

The depositary may charge, and collect from, (i) each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and (ii) each person surrendering ADSs for withdrawal of deposited securities or whose ADSs are cancelled or reduced for any other reason, a fee of up to $5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, or upon which a share distribution or elective distribution is made or offered, as the case may be. The depositary may sell (by public or private sale) sufficient

securities and property received in respect of a share distribution, rights and other distribution prior to such deposit to pay such charge.

The following additional charges shall also be incurred by the ADR holders, the beneficial owners, by any party depositing or withdrawing shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADSs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of U.S.$0.05 or less per ADS held for any cash distribution made, or for any elective cash/stock dividend offered, pursuant to the deposit agreement;

- a fee of up to U.S.$0.05 per ADS held for the direct or indirect distribution of securities (other than ADSs or rights to purchase additional ADSs) or the net cash proceeds from the public or private sale of any such securities, regardless of whether any such distribution and/or sale is made by, for, or received from, or, in each case on behalf of, the depositary, us and/or any third party (which fee may be assessed against ADR holders as of a record date set by the depositary);

- an aggregate fee of up to U.S.$0.05 per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable at the sole discretion of the depositary by billing such ADR holder or by deducting such charge from one or more cash dividends or other cash distributions);

- an amount for the reimbursement of such charges and expenses as are incurred by the depositary and/or any of its agents (including, without limitation, the custodian, as well as charges and expenses incurred on behalf of ADR holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which charges and expenses may be assessed on a proportionate basis against ADR holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such ADR holders or by deducting such charge or expense from one or more cash dividends or other cash distributions);

- stock transfer or other taxes and other governmental charges (which are payable by ADR holders or persons depositing shares);

- a transaction fee per cancellation request (including any cancellation request made through SWIFT, facsimile transmission or any other method of communication) as disclosed on the "Disclosures" page (or successor page) of www.adr.com (as updated by the depositary from time to time, "ADR.com") and any applicable delivery expenses (which are payable by such persons or ADR holders);

- transfer or registration expenses for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities (which are payable by persons depositing shares or ADR holders withdrawing deposited securities); and

- fees of any division, branch or affiliate of the depositary utilized by the depositary to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.

We will pay all other fees, charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary.

The right of the depositary to charge and receive payment of fees, charges and expenses survives the termination of the deposit agreement, and shall extend for those fees, charges and expenses incurred prior to the effectiveness of any resignation or removal of the depositary.

The fees and charges described above may be amended from time to time by agreement between us and the depositary.

The depositary anticipates reimbursing us for certain expenses incurred by us that are related to the establishment and maintenance of the ADR program upon such terms and conditions as we and the depositary may agree from time to time. The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time.

Payment of Taxes

ADR holders and/or beneficial owners must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. If any taxes or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the custodian or the depositary with respect to any ADR, any deposited securities represented by the ADSs evidenced thereby or any distribution thereon such tax or other governmental charge shall be paid by the ADR holder thereof to the depositary and by holding or owning, or having held or owned, an ADR or any ADSs evidenced thereby, the ADR holder and all beneficial owners thereof, and all prior ADR holders and beneficial owners thereof, jointly and severally, agree to indemnify, defend and save harmless each of the us, the depositary and each's respective agents in respect of such tax or other governmental charge. Notwithstanding the depositary's right to seek payment from current or former ADR holders and beneficial owners, each ADR holder and beneficial owner, and each prior ADR holder and beneficial owner, by holding or owning, or having held or owned, an ADR or an interest in ADSs acknowledges and agrees that the depositary has no obligation to seek payment of amounts owing from any current or prior beneficial owner. If an ADR holder owes any tax or other governmental charge, the depositary may (i) deduct the amount thereof from any cash distributions, or (ii) sell deposited securities (by public or private sale), after attempting by reasonable means to notify the registered ADR holder thereof prior to such sale, and deduct the amount owing from the net proceeds of such sale. In either case, the ADR holder remains liable for any shortfall. If any tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, split-up or combination of ADRs or withdrawal of deposited securities until such payment is made. If any tax or governmental charge is required to be withheld on any cash distribution, the depositary may deduct the amount required to be withheld from any cash distribution or, in the case of a non-cash distribution, sell the distributed property or securities (by public or private sale) in such amounts and in such manner as the depositary deems necessary and practicable to pay such taxes and distribute any remaining net proceeds or the balance of any such property after deduction of such taxes to the ADR holders entitled thereto. Neither we nor the depositary nor any of our or its respective agents, shall be liable to ADR holders or beneficial owners of the ADSs for failure of any of them to comply with applicable tax laws, rules and/or regulations.

As an ADR holder or beneficial owner, you will be agreeing to indemnify us, the depositary, its custodian and any of our or their respective officers, directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained, which obligations shall survive any transfer or surrender of ADSs or the termination of the deposit agreement.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any distributions of ordinary shares or other property not made to holders of ADRs or (iii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to, and shall if reasonably requested by us:

- amend the form of ADR;
- distribute additional or amended ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell by public or private sale any securities or property received and distribute the proceeds as cash; or
- none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADR holders or beneficial owners. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder and any beneficial owner are deemed to agree to such amendment and to be bound by the deposit agreement as so amended. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

Any amendments or supplements which (i) are reasonably necessary (as agreed by us and the depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act of 1933 or (b) the ADSs or shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by ADR holders, shall be deemed not to prejudice any substantial rights of ADR holders or beneficial owners. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the deposit agreement in such circumstances may become effective before a notice of such amendment or supplement is given to ADR holders or within any other period of time as required for compliance.

Notice of any amendment to the deposit agreement or form of ADRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the ADR holders identifies a means for ADR holders and beneficial owners to retrieve or receive the text of such amendment (*i.e.*, upon retrieval from the SEC's, the depositary's or our website or upon request from the depositary).

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the registered holders of ADRs at least 30 days prior to the date fixed in such notice for such termination, if (i) 60 days shall have expired after the date on which the depositary first provided notice of its resignation to us and a successor depositary shall not be operating under the deposit Agreement, (ii) 60 days shall have expired after the date notice of removal is first provided and a successor depositary shall not be operating under the deposit Agreement, (iii) we are bankrupt, in liquidation proceedings or insolvent, (iv) the ADRs are delisted from a "national securities exchange" (that has registered with the Commission under Section 6 of the Securities Exchange Act of 1934), (v) we effects (or will effect) a redemption of all or substantially all of the deposited securities, or a cash or share distribution representing a return of all or substantially all of the value of the Deposited Securities, (vi) there are no deposited securities with respect to ADSs remaining, including if the deposited securities are cancelled, or the deposited securities have been deemed to have no value, or (vii) there occurs a merger, consolidation, sale of assets or other transaction as a result of which securities or other property are delivered in exchange for or in lieu of deposited securities. Notwithstanding the foregoing, the depositary may

also terminate the deposit agreement without notice to us, under the following circumstances: (i) required by any law, rule or regulation relating to sanctions by any governmental authority or body, (ii) the depositary would be subject to liability under or pursuant to any law, rule or regulation, or (iii) required by any governmental authority or body, in each case as determined by the depositary in its reasonable discretion.

After the date so fixed for termination, (a) all direct registration ADRs shall cease to be eligible for the direct registration system and shall be considered ADRs issued on the ADR register maintained by the depositary and (b) the depositary shall use its reasonable efforts to ensure that the ADSs cease to be DTC eligible so that neither DTC nor any of its nominees shall thereafter be a registered holder of ADRs. At such time as the ADSs cease to be DTC eligible and/or neither DTC nor any of its nominees is a registered holder of ADRs, the depositary shall (a) instruct its custodian to deliver all shares to us along with a general stock power that refers to the names set forth on the ADR register maintained by the depositary and (b) provide us with a copy of the ADR register maintained by the depositary. Upon receipt of such shares and the ADR register maintained by the depositary, we have agreed to use our best efforts to issue to each registered ADR holder a Share certificate representing the Shares represented by the ADSs reflected on the ADR register maintained by the depositary in such registered ADR holder's name and to deliver such Share certificate to the registered ADR holder at the address set forth on the ADR register maintained by the depositary. After providing such instruction to the custodian and delivering a copy of the ADR register to us, the depositary and its agents will perform no further acts under the deposit agreement or the ADRs and shall cease to have any obligations under the deposit agreement and/or the ADRs.

Limitations on Obligations and Liability to ADR holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, and from time to time in the case of the production of proofs as described below, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the deposit agreement;

- the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial or other ownership of, or interest in, any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and

- compliance with such regulations as the depositary may establish consistent with the deposit agreement.

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of shares, may be suspended, generally or in particular instances, when the ADR register or any register for deposited securities is closed or when any such action is deemed advisable by the depositary; provided that the ability to withdraw shares may only be limited under the following circumstances: (i) temporary delays caused by closing transfer books of the depositary or our transfer books or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes, and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents, provided, however, that no disclaimer of liability under the Securities Act of 1933 is intended by any of the limitations of liabilities provisions of the deposit agreement. The deposit agreement provides that each of us, the depositary and our respective directors, officers, employees, agents and affiliates and each of them shall:

- incur or assume no liability if any present or future law, rule, regulation, fiat, order or decree of the Cayman Islands, Hong Kong, the People's Republic of China, the United States or any other country or jurisdiction, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism, nationalization, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure or circumstance beyond our, the depositary's or our respective directors', officers', employees', agents' or affiliates' direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the deposit agreement or the ADRs provide shall be done or performed by us or them (including, without limitation, voting);

- incur or assume no liability by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or things which by the terms of the deposit agreement it is provided shall or may be done or performed or any exercise or failure to exercise discretion under the deposit agreement or the ADRs including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable;

- incur or assume no liability if it performs its obligations under the deposit agreement and ADRs without gross negligence or willful misconduct;

- in the case of the depositary and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities the ADSs or the ADRs;

- in the case of us and our agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities the ADSs or the ADRs, which in our or our agents' opinion, as the case may be, may involve it in expense or liability, unless indemnity satisfactory to us or our agent, as the case may be against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be requested;

- not be liable for any action or inaction by it in reliance upon the advice of or information from any legal counsel, any accountant, any person presenting shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information and/or, in the case of the depositary, us; or

- may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by it to be genuine and to have been signed, presented or given by the proper party or parties.

The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADRs or otherwise related to the deposit agreement or ADRs to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. The depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system. Furthermore, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan Chase.

Notwithstanding anything to the contrary contained in the deposit agreement or any ADRs, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any

act or omission to act on the part of the custodian except to the extent that any registered ADR holder has incurred liability directly as a result of the custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the depositary or (ii) failed to use reasonable care in the provision of custodial services to the depositary as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. The depositary and the custodian(s) may use third party delivery services and providers of information regarding matters such as, but not limited to, pricing, proxy voting, corporate actions, class action litigation and other services in connection with the ADRs and the deposit agreement, and use local agents to provide services such as, but not limited to, attendance at any meetings of security holders of issuers. Although the depositary and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services. The depositary shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale.

The depositary has no obligation to inform ADR holders or beneficial owners about the requirements of the laws, rules or regulations or any changes therein or thereto of the Cayman Islands, Hong Kong, the People's Republic of China, the United States or any other country or jurisdiction or of any governmental or regulatory authority or any securities exchange or market or automated quotation system.

Additionally, none of us, the depositary or the custodian shall be liable for the failure by any registered holder of ADRs or beneficial owner therein to obtain the benefits of credits or refunds of non-U.S. tax paid against such ADR holder's or beneficial owner's income tax liability. The depositary is under no obligation to provide the ADR holders and beneficial owners, or any of them, with any information about our tax status. Neither we nor the depositary shall incur any liability for any tax or tax consequences that may be incurred by registered ADR holders or beneficial owners on account of their ownership or disposition of ADRs or ADSs.

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any voting instructions are given or deemed to be given, including instructions to give a discretionary proxy to a person designated by us, for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the depositary is instructed or deemed to have been instructed to grant a discretionary proxy, or for the effect of any such vote. The depositary may rely upon instructions from us or our counsel in respect of any approval or license required for any currency conversion, transfer or distribution. The depositary shall not incur any liability for the content of any information submitted to it by us or on our behalf for distribution to ADR holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the deposit agreement or for the failure or timeliness of any notice from us. The depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary. Except under limited circumstances in the case of our obligations to the depositary, neither we, the depositary nor any of our or their respective agents shall be liable for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity (including, without limitation ADR holders and beneficial owners of ADRs and ADSs), whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

No provision of the deposit agreement or the ADRs is intended to constitute a waiver or limitation of any rights which an ADR holder or any beneficial owner may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

The depositary and its agents may own and deal in any class of securities of our company and our affiliates and in ADRs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of, or interest in, deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, you as ADR holders or beneficial owners agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. Registered holders of ADRs may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other ADR holders in the interest of the business of our company or a matter relating to the deposit agreement. Such register may be closed at any time or from time to time, when deemed expedient by the depositary or, in the case of the issuance book portion of the ADR Register, when reasonably requested by us solely in order to enable us to comply with applicable law.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Appointment

In the deposit agreement, each registered holder of ADRs and each beneficial owner, upon acceptance of any ADSs or ADRs (or any interest in any of them) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs,

- appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof; and

- acknowledge and agree that (i) nothing in the deposit agreement or any ADR shall give rise to a partnership or joint venture among the parties thereto, nor establish a fiduciary or similar relationship among such parties, (ii) the depositary, its divisions, branches and affiliates, and their respective agents, may from time to time be in the possession of non-public information about us, ADR holders, beneficial owners and/or their respective affiliates, (iii) the depositary and its divisions, branches and affiliates may at any time have multiple banking relationships with us, ADR holders, beneficial owners and/or the affiliates of any of them, (iv) the depositary and its divisions, branches and affiliates may, from time to time, be engaged in transactions in which parties adverse to us, ADR holders, beneficial owners and/or their respective affiliates may have interests, (v) nothing contained in the deposit agreement or any ADR(s) shall (A) preclude the depositary or any of its divisions, branches or affiliates from engaging in any such transactions or establishing or maintaining any such relationships, or (B) obligate the depositary or any of its divisions, branches or affiliates to disclose any such transactions or relationships or to account for any profit made or payment received in any such transactions or relationships, (vi) the depositary shall not be deemed to have knowledge of any information held by any branch, division or affiliate of the depositary and (vii) notice to an ADR holder shall be deemed, for all purposes of the deposit agreement and the ADRs, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder's ADRs. For all purposes under the deposit agreement and

the ADRs, the ADR holders thereof shall be deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by such ADRs.

Governing Law

The deposit agreement, the ADSs and the ADRs are governed by and construed in accordance with the internal laws of the State of New York without giving effect to the application of the conflict of law principles thereof.

In the deposit agreement, we have submitted to the non-exclusive jurisdiction of the courts of the State of New York and appointed an agent for service of process on our behalf. Any action based on the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby may be instituted by the depositary against us in any competent court in the Cayman Islands, Hong Kong, the People's Republic of China, the United States and/or any other court of competent jurisdiction.

Under the deposit agreement, by holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each irrevocably agree that any legal suit, action or proceeding against or involving ADR holders or beneficial owners brought by us or the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may be instituted in a state or federal court in New York, New York, irrevocably waive any objection which you may have to the laying of venue of any such proceeding, and irrevocably submit to the non- exclusive jurisdiction of such courts in any such suit, action or proceeding. By holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each also irrevocably agree that any legal suit, action or proceeding against or involving the depositary brought by ADR holders or beneficial owners, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York. As a result, ADR holders may not initiate legal proceedings against or involving the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby, in any jurisdictions outside of a state or federal court in New York, New York, while proceedings against the ADR holders may be initiated in a state or federal court in New York, New York or other jurisdictions.

Notwithstanding the foregoing, (i) the depositary may, in its sole discretion, elect to institute any dispute, suit, action, controversy, claim or proceeding directly or indirectly based on, arising out of or relating to the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby, including without limitation any question regarding its or their existence, validity, interpretation, performance or termination, against any other party or parties to the deposit agreement (including, without limitation, against ADR holders and beneficial owners of interests in ADSs), by having the matter referred to and finally resolved by an arbitration conducted under the terms described below, and (ii) the depositary may in its sole discretion require, by written notice to the relevant party or parties, that any dispute, suit, action, controversy, claim or proceeding against the depositary by any party or parties to the deposit agreement (including, without limitation, by ADR holders and beneficial owners of interests in ADSs) shall be referred to and finally settled by an arbitration conducted under the terms described below. Any such arbitration shall be conducted in the English language and, at the depositary's election, be held either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL). Notwithstanding the foregoing, such provisions do not prevent an ADS holder form pursuing claims under the United States federal securities laws in federal courts.

Jury Trial Waiver

In the deposit agreement each party thereto (including, for avoidance of doubt, each holder and beneficial owner and/or holder of interests in ADSs and ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or us directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the

breach thereof (whether based on contract, tort, common law or any other theory), including any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial demand based on such waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable state and federal law, including whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. The waiver to right to a jury trial of the deposit agreement is not intended to be deemed a waiver by any holder or beneficial owner of ADSs of the Company's or the depositary's compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Exhibit 8.1

List of Significant Subsidiaries and VIEs

Significant Subsidiaries	Place of Incorporation
Wuhan Douyu Culture Network Technology Co., Ltd.	PRC
DouYu Network Inc.	The British Virgin Islands
Douyu Hongkong Limited	Hong Kong
Gogo Glocal Holding Limited	Cayman
Betta Fish Inc.	The British Virgin Islands

VIEs	Place of Incorporation
Wuhan Douyu Internet Technology Co., Ltd.	PRC
Wuhan Ouyue Online TV Co., Ltd.	PRC

Subsidiaries of VIEs	Place of Incorporation
Wuhan Yu Leyou Internet Technology Co., Ltd.	PRC

Exhibit 11.2

DouYu International Holdings Limited

Statement of Policy Concerning Trading in Company Securities

(Initially adopted in August 2019 and amended and restated on November 24, 2023 and further amended and restated on March 14, 2025)

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I. SUMMARY OF POLICY CONCERNING TRADING IN COMPANY SECURITIES

It is the policy of DouYu International Holdings Limited and its subsidiaries and consolidated affiliated entities (collectively, the "**Company**") that it will, without exception, comply with all applicable laws and regulations in conducting its business. Each employee, each executive officer and each director is expected to abide by this policy. When carrying out Company business, employees, executive officers and directors must avoid any activity that violates applicable laws or regulations. In order to avoid even an appearance of impropriety, the Company's directors, officers and certain other employees are subject to pre-approval requirements and other limitations on their ability to enter into transactions involving the Company's securities. Although these limitations do not apply to transactions pursuant to written plans for trading securities that comply with Rule 10b5-1 under the Securities Exchange Act of 1934 (the "**Exchange Act**"), the entry into, amendment or termination of any such written trading plan is subject to pre-approval requirements and other limitations.

II. THE USE OF INSIDE INFORMATION IN CONNECTION WITH TRADING IN SECURITIES

A. General Rule.

The U.S. securities laws regulate the sale and purchase of securities in the interest of protecting the investing public. U.S. securities laws give the Company, its officers and directors, and other employees the responsibility to ensure that information about the Company is not used unlawfully in the purchase and sale of securities.

All employees, executive officers and directors should pay particularly close attention to the laws against trading on "inside" information. These laws are based upon the belief that all persons trading in a company's securities should have equal access to all "material" information about that company. Information is considered to be "material" if its disclosure would be reasonably likely to affect (1) an investor's decision to buy or sell the securities of the company to which the information relates, or (2) the market price of that company's securities. While it is not possible to identify in advance all information that will be deemed to be material, some examples of such information would include the following: earnings; financial results or projections; dividend actions; mergers and acquisitions; capital raising and borrowing activities; major dispositions; major new customers, projects or products; significant advances in product development; new technologies; major personnel changes in management or change in control; expansion into new markets; unusual gains or losses in major operations; major litigation or legal proceedings; granting of stock options; and major sales and marketing changes. When doubt exists, the information should be presumed to be material. If you are unsure whether information of which you are aware is inside information, you should consult with the Company's Investor Relationships Department. No individuals other than specifically authorized personnel may release material information to the public or respond to inquiries from the media, analysts or others. If you are contacted by the domestic media seeking information about the Company and if you have not been expressly authorized by the Company's Branding & Public Relations Center to provide information to the domestic media, you should refer the call to the Branding & Public Relations Center; if you are contacted by the overseas media or by a research analyst seeking information about the Company and if you have not been expressly authorized by the Company's Investor Relationships Department to provide information to the overseas media or to analysts, you should refer the call to the Investor Relationships Department. On occasion, it may be necessary for legitimate business reasons to disclose inside information to outside persons. Such persons might include investment bankers, lawyers, auditors or other companies seeking to

engage in a potential transaction with the Company. In such circumstances, the information should not be conveyed until an express understanding has been reached that such information is not to be used for trading purposes and may not be further disclosed other than for legitimate business reasons. For example, if an employee, an executive officer or a director of a company knows material non-public financial information, that employee, executive officer or director is prohibited from buying or selling shares in the company until the information has been disclosed to the public. This is because the employee, executive officer or director knows information that will probably cause the share price to change, and it would be unfair for the employee, executive officer or director to have an advantage (knowledge that the share price will change) that the rest of the investing public does not have. In fact, it is more than unfair; it is considered to be fraudulent and illegal. Civil and criminal penalties for this kind of activity are severe.

The general rule can be stated as follows: It is a violation of federal securities laws for any person to buy or sell securities if he or she is in possession of material inside information. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. It is inside information if it has not been publicly disclosed in a manner making it available to investors generally on a broad-based non-exclusionary basis. Furthermore, it is illegal for any person in possession of material inside information to provide other people with such information or to recommend that they buy or sell the securities. (This is called "**tipping**"). In that case, they may both be held liable.

The Securities and Exchange Commission (the "**SEC**"), the stock exchanges and plaintiffs' lawyers focus on uncovering insider trading. A breach of the insider trading laws could expose the insider to criminal fines up to three times the profits earned and imprisonment up to ten years, in addition to civil penalties (up to three times of the profits earned), and injunctive actions. In addition, punitive damages may be imposed under applicable state laws. Securities laws also subject controlling persons to civil penalties for illegal insider trading by employees, including employees located outside the United States. Controlling persons include directors, officers, and supervisors. These persons may be subject to fines up to the greater of $1,000,000 or three times profit (or loss avoided) by the insider trader.

Inside information does not belong to the individual directors, officers or other employees who may handle it or otherwise become knowledgeable about it. It is an asset of the Company. For any person to use such information for personal benefit or to disclose it to others outside the Company violates the Company's interests. More particularly, in connection with trading in the Company's securities, it is a fraud against members of the investing public and against the Company.

All directors, executive officers and employees of the Company must observe these policies at all times. Your failure to do so will be grounds for internal disciplinary action, up to and including termination of your employment or directorship.

B. Who Does the Policy Apply To?

The prohibition against trading on inside information applies to directors, officers and all other employees, and to other people who gain access to that information. The prohibition applies to both domestic and international employees of the Company and its subsidiaries. Because of their access to confidential information on a regular basis, Company policy subjects its directors and certain employees (the "**Window Group**") to additional restrictions on trading in Company

securities. The restrictions for the Window Group are discussed in Section F below. In addition, directors and certain employees with inside knowledge of material information may be subject to ad hoc restrictions on trading from time to time.

C. Other Companies' Stock.

Employees, executive officers and directors who learn material information about suppliers, customers, or competitors through their work at the Company, should keep it confidential and not buy or sell stock in such companies until the information becomes public. Employees, executive officers and directors should not give tips about such stock.

D. Hedging and Derivatives.

Employees, executive officers and directors are prohibited from engaging in any hedging transactions (including transactions involving options, puts, calls, prepaid variable forward contracts, equity swaps, collars and exchange funds or other derivatives) that are designed to hedge or speculate on any change in the market value of the Company's equity securities.

Trading in options or other derivatives is generally highly speculative and very risky. People who buy options are betting that the stock price will move rapidly. For that reason, when a person trades in options in his or her employer's stock, it will arouse suspicion in the eyes of the SEC that the person was trading on the basis of inside information, particularly where the trading occurs before a company announcement or major event. It is difficult for an employee, executive officer or director to prove that he or she did not know about the announcement or event.

If the SEC or the NASDAQ were to notice active options trading by one or more employees, executive officers or directors of the Company prior to an announcement, they would investigate. Such an investigation could be embarrassing to the Company (as well as expensive), and could result in severe penalties and expense for the persons involved. For all of these reasons, the Company prohibits its employees, executive officers and directors from trading in options or other derivatives involving the Company's stock. This policy does not pertain to employee stock options granted by the Company. Employee stock options cannot be traded.

E. Pledging of Securities, Margin Accounts.

Pledged securities may be sold by the pledgee without the pledgor's consent under certain conditions. For example, securities held in a margin account may be sold by a broker without the customer's consent if the customer fails to meet a margin call. Because such a sale may occur at a time when an employee, executive officer or a director has material inside information or is otherwise not permitted to trade in Company securities, the Company prohibits employees, executive officers and directors from pledging Company securities in any circumstance, including by purchasing Company securities on margin or holding Company securities in a margin account.

F. General Guidelines.

The following guidelines should be followed in order to ensure compliance with applicable antifraud laws and with the Company's policies:

1. Nondisclosure. Material inside information must not be disclosed to anyone, except to persons within the Company whose positions require them to know it. Tipping refers to the transmission of inside information from an insider to another person. Sometimes this involves a deliberate conspiracy in which the tipper passes on information in exchange for a portion of the "tippee's" illegal trading profits. Even if there is no expectation of profit, however, a tipper can have liability if he or she has reason to know that the information may be misused. Tipping inside information to another person is like putting your life in that person's hands. So the safest choice is: Don't tip.

2. Trading in Company Securities. No employee, executive officer or director should place a purchase or sale order, or recommend that another person place a purchase or sale order in the Company's securities when he or she has knowledge of material information concerning the Company that has not been disclosed to the public. This includes orders for purchases and sales of stock and convertible securities, including engaging in any "short sales" of the Company's securities. The exercise of employee stock options is not subject to this policy. However, stock that was acquired upon exercise of a stock option will be treated like any other stock, and may not be sold by an employee who is in possession of material inside information. Any employee, executive officer or director who possesses material inside information should wait until the start of the third business day after the information has been publicly released before trading.

3. Avoid Speculation. Investing in the Company's common stock provides an opportunity to share in the future growth of the Company. But investment in the Company and sharing in the growth of the Company does not mean short range speculation based on fluctuations in the market. Such activities put the personal gain of the employee, executive officer or director in conflict with the best interests of the Company and its stockholders. Although this policy does not mean that employees, executive officers or directors may never sell shares, the Company encourages employees, executive officers and directors to avoid frequent trading in Company stock. Speculating in Company stock is not part of the Company culture.

4. Trading in Other Securities. No employee, executive officer or director should place a purchase or sale order, or recommend that another person place a purchase or sale order, in the securities of another corporation (such as a supplier, an acquisition target or a competitor), if the employee, executive officer or director learns in the course of his or her employment confidential information about the other corporation that is likely to affect the value of those securities. For example, it would be a violation of the securities laws if an employee, executive officer or director learned through Company sources that the Company intended to purchase assets from a company, and then placed an order to buy or sell stock in that other company because of the likely increase or decrease in the value of its securities.

5. Restrictions on the Window Group. The Window Group consists of (i) directors and executive officers at vice general manager level and above of the Company and their assistants and household members, (ii) subset of employees in the general manager office, investor relationships department, strategic investment department, finance department, legal department, auditing and supervision department and (iii) such other persons as may be designated from time to time and informed of such status by the Company. The Window Group is subject to the following restrictions on trading in Company securities:

- trading is permitted from the start of the third business day following the release of the Company's quarterly and annual earnings until the last calendar day of the last month of the then current fiscal quarter (the "**Window**"), subject to the restrictions below;

- all trades are subject to prior review;

- The Window Group must submit a request for approval in a form set forth in Annex B hereto from the Company's Chief Strategy Officer before making any trade in Company Securities; notwithstanding the foregoing, requests for approval of trades by the directors and any other individuals in the Window Group at vice general manager level and above should be submitted to the Chief Executive Officer;

- no trading is permitted outside the Window except for reasons of exceptional personal hardship and subject to prior review by the Chief Strategy Officer or Chief Executive Officer; and

- Individuals in the Window Group are also subject to the general restrictions on all employees.

Note that at times the Chief Strategy Officer may determine that no trades may occur even during the Window when clearance is requested. No reasons may be provided and the closing of the Window itself may constitute material inside information that should not be communicated.

The foregoing Window Group restrictions do not apply to transactions pursuant to written plans for trading securities that comply with Rule 10b5-1 under the Exchange Act ("**10b5-1 Plans**") described in Annex A hereto. However, Window Group members may not enter into, amend or terminate a 10b5-1 Plan relating to Company securities without the prior approval of the Chief Strategy Officer, which will only be given during a Window period.

6. *Ad Hoc* Trading Freeze. The Company may from time to time impose an *ad hoc* trading freeze which may vary in length on selected directors, executive officers and employees of the Company and certain other persons, due to significant unannounced corporate developments. The imposition, modification and lifting of any trading freeze shall be communicated to the affected persons in writing by the Company's responsible officer. No reasons may be provided for the imposition of any trading freezes, and the imposition, modification and lifting of any trading freeze itself may constitute MNPI that should not be communicated. No trading by the affected person(s) is permitted during the trading freeze except for trades pursuant to an existing 10b5-1 Plan adopted by the affected person(s), or for reasons of exceptional personal hardship and subject to prior approval by the responsible officer.

IN SUMMARY, EVERY EMPLOYEE OF THE COMPANY IS SUBJECT TO TRADING RESTRICTIONS WHEN IN POSSESSION OF INSIDE INFORMATION REGARDING THE COMPANY. IN ADDITION, OFFICERS, DIRECTORS, AND OTHER MEMBERS OF THE WINDOW GROUP ARE SUBJECT TO PARAGRAPH 5 ABOVE RESTRICTING THEIR TRADING TO WINDOW PERIODS AND REQUIRING PRE-CLEARANCE.

YOU MUST PROMPTLY REPORT TO THE CHIEF STRATEGY OFFICER ANY TRADING IN THE COMPANY'S SECURITIES BY ANYONE OR DISCLOSURE OF INSIDE INFORMATION BY COMPANY PERSONNEL THAT YOU HAVE REASON TO BELIEVE MAY VIOLATE THIS POLICY OR THE SECURITIES LAWS OF THE UNITED STATES.

G. Applicability of U.S. Securities Laws to International Transactions.

All directors, executive officers and employees of the Company' and its subsidiaries are subject to the restrictions on trading in Company securities and the securities of other companies. The U.S. securities laws may be applicable to the securities of the Company's subsidiaries or affiliates, even if they are located outside the United States. Transactions involving securities of PRC subsidiaries or affiliates should be carefully reviewed by counsel for compliance not only with applicable PRC law but also for possible application of U.S. securities laws.

III. OTHER LIMITATIONS ON SECURITIES TRANSACTIONS

A. Public Resales – Rule 144.

The U.S. Securities Act (the "**Securities Act**") requires every person who offers or sells a security to register such transaction with the SEC unless an exemption from registration is available. Rule 144 under the Securities Act is the exemption typically relied upon for (i) public resales by any person of "restricted securities" (*i.e.*, unregistered securities acquired in a private offering or sale) and (ii) public resales by directors, officers and other control persons of a company (known as "**affiliates**") of any of the Company's securities, whether restricted or unrestricted.

The exemption in Rule 144 may only be relied upon if certain conditions are met. These conditions vary based upon whether the Company has been subject to the SEC's reporting requirements for 90 days (and is therefore a "reporting company" for purposes of the rule) and whether the person seeking to sell the securities is an affiliate or not.

1. Holding Period. Restricted securities issued by a reporting company (i.e., a company that has been subject to the SEC's reporting requirements for at least 90 days) must be held and fully paid for a period of six months prior to their sale. Restricted securities issued by a non-reporting company are subject to a one-year holding period. The holding period requirement does not apply to securities held by affiliates that were acquired either in the open market or in a public offering of securities registered under the Securities Act. Generally, if the seller acquired the securities from someone other than the Company or an affiliate of the Company, the holding period of the person from whom the seller acquired such securities can be "tacked" to the seller's holding period in determining if the holding period has been satisfied.

2. Current Public Information. Current information about the Company must be publicly available before the sale can be made. The Company's periodic reports filed with the SEC ordinarily satisfy this requirement. If the seller is not an affiliate of the Company issuing the securities (and has not been an affiliate for at least three months) and one year has passed since the securities were acquired from the issuer or an affiliate of the issuer (whichever is later), the seller can sell the securities without regard to the current public information requirement.

Rule 144 also imposes the following additional conditions on sales by persons who are "affiliates." A person or entity is considered an "affiliate," and therefore subject to these additional conditions, if it is currently an affiliate or has been an affiliate within the previous three months:

3. Volume Limitations. The amount of debt securities which can be sold by an affiliate during any three-month period cannot exceed 10% of a tranche (or class when the securities are non-participatory preferred stock), together with all sales of securities of the same tranche sold for the account of the affiliate. The amount of equity securities that can be sold by an affiliate during any three-month period cannot exceed the greater of (i) one percent of the outstanding shares of the class or (ii) the average weekly reported trading volume for shares of the class during the four calendar weeks preceding the time the order to sell is received by the broker or executed directly with a market maker.

4. Manner of Sale. Equity securities held by affiliates must be sold in unsolicited brokers' transactions, directly to a market-maker or in riskless principal transactions.

5. Notice of Sale. An affiliate seller must file a notice of the proposed sale with the SEC at the time the order to sell is placed with the broker, unless the amount to be sold neither exceeds 5,000 shares nor involves sale proceeds greater than $50,000. See "Filing Requirements".

Bona fide gifts are not deemed to involve sales of shares for purposes of Rule 144, so they can be made at any time without limitation on the amount of the gift. Donees who receive restricted securities from an affiliate generally will be subject to the same restrictions under Rule 144 that would have applied to the donor, depending on the circumstances.

B. Private Resales.

Directors and officers also may sell securities in a private transaction without registration. Although there is no statutory provision or SEC rule expressly dealing with private sales, the general view is that such sales can safely be made by affiliates if the party acquiring the securities understands he is acquiring restricted securities that must be held for at least six months (if issued by a reporting company that meets the current public information requirements) or one-year (if issued by a non-reporting company) before the securities will be eligible for resale to the public under Rule 144. Private resales raise certain documentation and other issues and must be reviewed in advance by the Company's Chief Strategy Officer.

C. Restrictions on Purchases of Company Securities.

In order to prevent market manipulation, the SEC adopted Regulation M under the U.S. Exchange Act. Regulation M generally restricts the Company or any of its affiliates from buying Company stock, including as part of a share buyback program, in the open market during certain periods while a distribution, such as a public offering, is taking place. You should consult with the Company's Chief Strategy Officer, if you desire to make purchases of Company stock during any period that the Company is making conducting an offering or buying shares from the public.

D. Filing Requirements.

1. Schedule 13D and 13G. Section 13(d) of the Exchange Act requires the filing of a statement on Schedule 13D (or on Schedule 13G, in certain limited circumstances) by any person or group that acquires beneficial ownership of more than five percent of a class of equity securities registered under the Exchange Act. The threshold for reporting is met if the stock owned, when coupled with the amount of stock subject to options exercisable within 60 days, exceeds the five percent limit.

A report on Schedule 13D is required to be filed with the SEC and submitted to the Company within five business days after the reporting threshold is reached. If a material change occurs in the facts set forth in the Schedule 13D, such as an increase or decrease of one percent or more in the percentage of stock beneficially owned, an amendment disclosing the change must be filed within two business days. A decrease in beneficial ownership to less than five percent is per se material and must be reported.

A limited category of persons (such as banks, broker-dealers and insurance companies) may file on Schedule 13G, which is a much abbreviated version of Schedule 13D, as long as the securities were acquired in the ordinary course of business and not with the purpose or effect of changing or influencing the control of the issuer. Under rules adopted in 2023, beginning on September 30, 2024, which is the date the new Schedule 13G deadlines become effective, a report on Schedule 13G is required to be filed with the SEC and submitted to the Company within 45 days after the end of the calendar quarter in which the reporting threshold is reached.

A person is deemed the beneficial owner of securities for purposes of Section 13(d) if such person has or shares voting power (*i.e.*, the power to vote or direct the voting of the securities) or dispositive power (*i.e.*, the power to sell or direct the sale of the securities). As is true under Section 16(a) of the Exchange Act, a person filing a Schedule 13D may disclaim beneficial ownership of any securities attributed to him or her if he or she believes there is a reasonable basis for doing so.

2. Form 144. As described above under the discussion of Rule 144, an affiliate seller relying on Rule 144 must file a notice of proposed sale with the SEC at the time the order to sell is placed with the broker unless the amount to be sold during any three months period neither exceeds 5,000 shares nor involves sale proceeds greater than $50,000.

Annex A

All 10b5-1 Plans entered into by any member of the Window Group (each, a "**Window Group Member**") and any amendment, suspension or termination must comply with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), the Company's Statement of Policy Concerning Trading in Company Securities, as amended from time to time (the "**Policy**") and other Company policies and must meet the following conditions. Capitalized terms not defined herein shall have the meanings given to them under the Policy.

Overview of 10b5-1 Plans

Under Rule 10b5-1, an insider who regularly possesses MNPI but who nonetheless wish to buy or sell the issuer's securities may establish an affirmative defense to an illegal insider trading charge by adopting a written plan to buy or sell at a time when they are not in possession of MNPI, i.e. a 10b5-1 Plan. A 10b5-1 Plan typically takes the form of a contract between the insider and his or her broker.

A 10b5-1 Plan must be entered into at a time when the insider has no MNPI about the issuer or its securities (even if no trades will occur until after the release of the MNPI). The plan must:

1. specify the amount, price (which may include a limit price) and specific dates of purchases or sales; or

2. include a formula or similar method for determining amount, price and date; or

3. give the broker the exclusive right to determine whether, how and when to make purchases and sales, as long as the broker does so without being aware of MNPI at the time the trades are made.

Participants

The Window Group Members are eligible to adopt a 10b5-1 Plan.

Plan and Approval

The 10b5-1 Plan must be in writing and signed by the Window Group Member, and the Window Group Member must provide a copy to the Company's compliance department. The Company shall keep a copy of each 10b5-1 Plan in its files. The form of each 10b5-1 Plan and any subsequent amendment must be consistent with these guidelines. Each 10b5-1 Plan must be approved in writing by the responsible officer prior to the adoption, amendment, suspension or termination of such plan. A 10b5-1 Plan must not permit a Window Group Member to exercise any subsequent influence over how, when or whether to effect purchases or sales. Sales under a 10b5-1 Plan must be via an approved broker.

The Window Group Member must act in good faith with respect to a 10b5-1 Plan when the Plan is adopted and for the duration of the Plan, and must not enter into a 10b5-1 Plan as part of a plan or scheme to evade the prohibitions of Rule 10b-5. In addition, each 10b5-1 Plan must include a representation in writing by the Window Group Member certifying that (a) such person is not in possession of MNPI about the Company or its securities, and (b) the 10b5-1 Plan is being adopted in good faith and not as part of a plan to evade the prohibitions of Rule 10b-5.

Timing and Term of Plan; Cooling-Off Period

Each 10b5-1 Plan must be adopted (a) during an open trading window under the Policy, and (b) when the Window Group Member does not otherwise possess MNPI about the Company. Each 10b5-1 Plan must provide for delayed effectiveness after adoption or amendment (a "**Cooling-Off Period**"). For Window Group Members who are directors or officers ("**D&Os**"), each 10b5-1 Plan must specify that trades may not execute under the 10b5-1 Plan until the later of (a) 90 days after the date of adoption or amendment of the 10b5-1 Plan; and (b) three (3) business days following the Company's filing of a quarterly, semi-annual or annual report covering the financial reporting period in which the 10b5-1 Plan was adopted or amended, but in no event later than 120 days after the date of adoption or amendment of the 10b5-1 Plan. For all other Window Group Members, each 10b5-1 Plan must specify that trades may not execute under the 10b5-1 Plan for a period of at least 30 days after the date of adoption or amendment of the 10b5-1 Plan.

Plan Specifications

Discretion Regarding Trades. The 10b5-1 Plan must either (a) specify the amount of Company Securities to be purchased or sold and the price at which and the date on which the Company Securities are to be purchased or sold, or (b) specify or set an objective formula or algorithm for determining the amount of Company Securities to be purchased or sold and the price at which and the date on which Company Securities are to be purchased or sold.

Amendment, Suspension and Termination

Amendments, suspensions, and terminations of 10b5-1 Plans must be approved in advance in writing by the responsible officer. In addition, a Window Group Member may voluntarily amend a 10b5-1 Plan only (a) during an open trading window under the Policy and (b) when such Window Group Member does not otherwise possess MNPI about the Company. Window Group Members may make amendments to 10b5-1 Plans without triggering a Cooling-Off Period so long as the amendment does not change the pricing provisions of the 10b5-1 Plan, the amount of securities covered under the 10b5-1 Plan or the timing of trades under the 10b5-1 Plan, or where a broker executing trades on behalf of the Window Group Members is substituted by a different broker (so long as the purchase or sales instructions remain the same).

Mandatory Suspension

Each 10b5-1 Plan must provide for suspension of trades under such plan if legal, regulatory or contractual restrictions are imposed on the Window Group Members, or if these guidelines are amended, or other events occur, that would prohibit sales under such 10b5-1 Plan.

Sales to Cover

A Window Group Member may have only one 10b5-1 Plan in effect at any time, except that a written, irrevocable election (an "**Election**") by a Window Group Member to sell a portion of Company Securities as necessary to satisfy statutory tax withholding obligations arising solely from the vesting of compensatory awards (not including options) ("**Sales to Cover**") is permitted even if not included in the directions in the Window Group Member's 10b5-1 Plan, provided that (a) the Election is made during an open trading window under the Policy, (b) at the time of the Election, the Window Group Member is not aware of any MNPI with respect to the Company or Company Securities, (c) the Sales to Cover are made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, (d) the Window Group Member does not have, and will not attempt to exercise, authority, influence or control over any such Sales to Cover, and

(e) the Election contains appropriate representations as to clauses (b)-(d).

No Overlapping Plans

A Window Group Member may adopt a new 10b5-1 Plan to replace an existing 10b5-1 Plan before the scheduled termination date of such existing 10b5-1 Plan, so long as the first scheduled trade under the new 10b5-1 Plan does not occur until after all trades under the existing 10b5-1 Plan are completed or expire without execution (subject to any Cooling-Off Periods).

However, where the first trade under a later-commencing plan is scheduled during what would have been the Cooling-off Period for that plan assuming the termination date of the earlier-commencing plan were deemed to be the date of adoption of the later-commencing plan, then Rule 10b5-1 would not be available for the later-commencing plan. For example, a Window Group Member who is not an officer or director has in place an existing Rule 10b5-1 plan with a scheduled date for the latest authorized trade of May 31, 2023. On May 1, 2023, that Window Group Member adopts a later-commencing plan, intended to qualify for the affirmative defense under Rule 10b5-1, with a scheduled date for the first authorized trade of June 1, 2023. If that Window Group Member terminates the earlier-commencing plan on May 15, the later-commencing plan will not receive the benefit of the affirmative defense, because June 1 is within 30 days of May 15, the date of termination of the earlier-commencing plan, and thus June 1 is during the "effective cooling-off period." However, if the later-commencing plan were scheduled to begin trading on July 1, 2023, it could still receive the benefit of the affirmative defense because July 1, 2023 is more than 30 days after May 15 and thus is outside the "effective cooling-off period."

A series of separate contracts with different brokers to execute trades under a 10b5-1 Plan may be treated as a single plan, provided the contracts as a whole meet the conditions under Rule 10b5-1, and provided further that any amendment of one contract is treated as an amendment of all of the contracts under the plan.

Limitation on Single-Trade Arrangements

In any 12-month period, a Window Group Member is limited to one "single-trade plan" — one designed to effect the open market purchase or sale of the total amount of the securities subject to the plan as a single transaction. The following do not constitute single-trade plans: (a) a 10b5-1 Plan that gives discretion to an agent over whether to execute the 10b5-1 Plan as a single transaction or that provides the agent's future acts depend on facts not known at the time the 10b5-1 Plan's adoption and might reasonably result in multiple transactions and (b) Sales to Cover.

No Hedging

As described in the Policy, individuals subject to the policy are prohibited from engaging in any hedging or similar transactions designed to decrease the risks associated with holding Company Securities. Further to this end, a Window Group Member adopting a 10b5-1 Plan may not have entered into or altered a corresponding or hedging transaction or position with respect to the securities subject to the 10b5-1 Plan and must agree not to enter into any such transaction while the 10b5-1 Plan is in effect.

Compliance with Rule 144

All sales made under a 10b5-1 Plan must be made in reliance on an exemption from registration

under the Securities Act of 1933, as amended (the "**Securities Act**") and may not be made pursuant to a registration statement. To the extent that sales made under a 10b5-1 Plan are made pursuant to Rule 144 under the Securities Act, such 10b5-1 Plan must provide for specific procedures to comply with Rule 144, including the filing of Forms 144.

Annex B

Request for Approval to Trade in the Securities of DouYu International Holdings Limited

To: Chief Strategy Officer /Chief Executive Officer

From: _____

Print Name: _____

I hereby request approval for myself (or a member of my immediate family or household or a family member whose transactions regarding securities of DouYu International Holdings Limited are directed by me or are subject to my influence or control) to execute the following transaction relating to the securities of DouYu International Holdings Limited.

Type of transaction (check one):

☐ PURCHASE

☐ SALE

☐ EXERCISE OPTION (AND SELL SHARES)

☐ OTHER

Securities involved in transaction: _____

Number of securities: _____

Other (please explain): _____

Name of beneficial owner if other than yourself: _____

Relationship of beneficial owner to yourself: _____

Signature: _____ Date: _____

This Authorization is valid until the earlier of five (5) calendar days after the date of this Approval or until the commencement of a "blackout" period.

Approved by: _____

Name: _____

Date: _____ Time: _____

Exhibit 12.1

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Simin Ren certifies that:

1. I have reviewed this annual report on Form 20-F of DouYu International Holdings Limited (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 29, 2025

By: /s/ Simin Ren

Name: Simin Ren

Title: Co-Chief Executive Officer, Director

Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mingming Su, certify that:

1. I have reviewed this annual report on Form 20-F of DouYu International Holdings Limited (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 29, 2025

By: /s/ Mingming Su

Name: Mingming Su

Title: Chief Strategy Officer and Director

(principal financial officer)

Exhibit 13.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of DouYu International Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Simin Ren, Co-Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his or her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2025

By: /s/ Simin Ren

Name: Simin Ren

Title: Co-Chief Executive Officer, Director

Exhibit 13.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of DouYu International Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mingming Su, Chief Strategy Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2025

By: /s/ Mingming Su

Name: Mingming Su

Title: Chief Strategy Officer and Director

(principal financial officer)

Exhibit 15.1

Our ref LWP/739086-000004/32216637v1

DouYu International Holdings Limited
20/F, Building A, New Development International Center,
No. 473 Guanshan Avenue,
Hongshan District, Wuhan, Hubei Province,
People's Republic of China

29 April 2025

DouYu International Holdings Limited

We have acted as legal advisors as to the laws of the Cayman Islands to DouYu International Holdings Limited, an exempted limited liability company incorporated in the Cayman Islands (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission (the "**SEC**") of an annual report on Form 20-F for the fiscal year ended 31 December 2024.

We hereby consent to the reference of our name under the heading "Item 10. Additional Information E. Taxation – Cayman Islands Taxation" in the Form 20-F, and further consent to the incorporation by reference of the summaries of our opinions that appear in the annual report on Form 20-F into the Registration Statement (No. 333-235862) on Form S-8 filed on 9 January 2020.

We consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP
Maples and Calder (Hong Kong) LLP

Exhibit 15.2

9/F, Office Tower C1, Oriental Plaza, 1 East Chang An Ave., Dongcheng District
Beijing 100738, PRC
Tel: +86 10 8525 5500 Fax: +86 10 8525 5511 / 8525 5522
Beijing · Shanghai · Shenzhen · Hong Kong · Haikou · Wuhan · Singapore · New York
www.hankunlaw.com

HAN KUN
汉坤律师事务所
Han Kun Law Offices

Consent of Han Kun Law Offices

To:

DouYu International Holdings Limited

20/F, Building A, New Development International Center
No. 473 Guanshan Avenue
Hongshan District, Wuhan
Hubei Province, 430073
People's Republic of China

Date: April 29, 2025

Dear Sirs,

We consent to the reference to our firm under the headings "Item 3. Key Information – Contractual Arrangements with The VIEs and The VIE's Respective Shareholders," "Item 3. Key Information – Recent Regulatory Development," "Item 3. Key Information – Taxation on Dividends or Distributions," "Item 3.D—Risk Factors," "Item 4.B—Business Overview—Enforceability of Civil Liabilities," "Item 4.C— Organizational Structure—Contractual Arrangements with The VIEs and The VIE's Respective Shareholders" and "Item 10.E—Taxation—People's Republic of China Taxation" in DouYu International Holdings Limited's Annual Report on Form 20-F for the year ended December 31, 2024, which will be filed with the Securities and Exchange Commission (the "SEC") and further consent to the incorporation by reference of the summaries of our opinions that appear in the annual report on Form 20-F into the Registration Statement (No. 333-235862) on Form S-8. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report on Form 20-F for the year ended December 31, 2024.

Yours faithfully,

/s/ HAN KUN LAW OFFICES
HAN KUN LAW OFFICES

CONFIDENTIALITY. This document contains confidential information which may be protected by privilege from disclosure. Unless you are the intended or authorised recipient, you shall not copy, print, use or distribute it or any part thereof or carry out any act pursuant thereto and shall advise Han Kun Law Offices immediately by telephone, e-mail or facsimile and return it promptly by mail. Thank you.

Exhibit 15.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333- 235862 on Form S-8 of our reports dated April 29, 2025, relating to the financial statements of DouYu International Holdings Limited and the effectiveness of DouYu International Holdings Limited 's internal control over financial reporting appearing in this Annual Report on Form 20-F for the year ended December 31, 2024.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, the People's Republic of China
April 29, 2025